

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	R-2008-2046518
Gregory Krisanda,	:	C-2008-2059595
Office of Consumer Advocate and	:	C-2008-2059655
Office of Small Business Advocate	:	C-2008-2059764
	:	
v.	:	
	:	
Pike County Light & Power Company	:	
	:	

RECOMMENDED DECISION

Before
Louis G. Cocheres
Administrative Law Judge

HISTORY OF THE PROCEEDING

On July 18, 2008, Pike County Light and Power Company (Pike or Company) filed Supplement No. 46 to Tariff Electric – PA P.U.C. No. 8 to become effective September 16, 2008 with the Commission.¹ Supplement No. 46 to Tariff Electric – PA P.U.C. No. 8 contained proposed changes in Pike’s rates, rules, and regulations and set forth a request to adjust current electric rates in order to produce additional revenues of \$1,172,100 per year, an increase of approximately 9.6 % in overall electric revenues (including an estimate of electric supply costs for full service and retail access customers) based on the twelve months ending March 31, 2009.

On August 14, 2008, the Office of Small Business Advocate (OSBA) filed a Notice of Appearance and a Formal Complaint against the proposed rate change. On August 19, 2008, the Office of Consumer Advocate (OCA) filed a Notice of Appearance and a Formal Complaint against the proposed rate adjustment. On August 19, 2008, the Office of Trial

¹ The History of the Proceeding was copied from the Joint Petition For Settlement Of Rate Investigation with additions and minor editing from the undersigned.

Staff (OTS) filed a Notice of Appearance. On September 3, 2008, Gregory Krisanda² (Krisanda) filed a Formal Complaint against the filing at Docket No. C-2008-2059595. Pike filed Answers to the Formal Complaints of OSBA, OCA and Krisanda and denied the substantive allegations contained therein.

On September 11, 2008, the Commission issued an Order suspending the effective date of the proposed tariff until April 16, 2009 and instituted an investigation into the rate filing.

Administrative Law Judges Louis G. Cocheres and Ember S. Jandebour (ALJs) were assigned to the case and presided over an Initial Pre-Hearing Conference on September 29, 2008. On October 1, 2008, the ALJs issued a Prehearing Order setting forth the litigation schedule for the proceeding, including dates for Public Input Hearings in Pike County and evidentiary hearings in Harrisburg. On November 5, 2008, the ALJs presided over two Public Input Hearings in Matamoras, Pike County, Pennsylvania. Three witnesses offered on-the-record sworn testimony at the hearings. (One of those witnesses was Mr. Krisanda.)

In addition, the parties have served testimony in this proceeding. The Company filed the Direct Testimony of the following witnesses on July 18, 2008 together with its rate filing:

- a. Accounting Panel – Kenneth A. Kosior, Richard A. Kane and Stephen D. Prager;
- b. Forecasting Panel – Patrick F. Hourihane and Charles K. Akabay;
- c. Electric Rate Panel – William Atzl, Lucy Villeta and Ricky Joe;
- d. Charles D. Hutcheson – Manager, Property Tax & Depreciation, Consolidated Edison Company of New York, Inc.;

² Examination of the Krisanda Complaint showed that only Mr. Krisanda was named as the Complainant. However, the Secretary also listed Laurie Krisanda in InfoMap.

- e. Roger A. Morin, PhD;
- f. Angelo M. Regan – Director of Electrical Engineering, Orange and Rockland Utilities, Inc. (O&R); and
- g. Jane J. Quin – Director, Customer Energy Services, O&R.

The Company served Rebuttal Testimony from its Accounting Panel, its Rate Panel and Angelo M. Regan on November 17, 2008.

The OTS served the Direct Testimony of Amanda Gordon, Christine Wilson and Gary Yocca on November 3, 2008, and the Surrebuttal Testimony of Christine Wilson and Gary Yocca on November 25, 2008.

The OCA served the Direct Testimony of David J. Effron, David C. Parcell, and Glenn A. Watkins on November 3, 2008, the Rebuttal Testimony of Glenn A. Watkins on November 17, 2008, and the Surrebuttal Testimony of David Effron and Glenn Watkins on November 25, 2008.

The OSBA served the Direct, Rebuttal and Surrebuttal Testimony of Robert D. Knecht and Mark D. Ewen on November 3, 2008, November 17, 2008 and November 25, 2008, respectively.

By letter dated January 12, 2009, the Company, OTS, OCA, and OSBA (Joint Petitioners or signatories) filed a Joint Petition For Settlement Of Rate Investigation (Joint Petition). The Joint Petition settled all issues in the pending rate investigation. A copy of the Joint Petition and its Appendices is attached to this Recommended Decision (R.D.).

Because Mr. Krisanda, the only customer complainant, did not join the Joint Petition, I sent a letter, dated January 14, 2009, to all parties by e-mail and regular mail. The text of the letter stated:

Dear Parties:

I am writing to inform you of a potential settlement for the above-referenced cases.

Pike County Light and Power Company, (Pike or Company) and the Office of Trial Staff, Office of Consumer Advocate and Office of Small Business Advocate (signatories) have agreed to a settlement of the cases without litigation. To my knowledge, Mr. Krisanda may not have had the opportunity to see or sign it.

The signatories have submitted a Joint Petition For Settlement Of Rate Investigation (Joint Petition) to me and Judge Jandebour. We will prepare a written Recommended Decision, which you will receive, recommending that the Commission adopt or reject the Joint Petition. The Commission will make a final decision on whether or not the proposed increase should be approved.

The Company has served a copy of the appropriate Joint Petition on each of you for your review.

As a party, you have an opportunity to submit comments or objections to us after you review the Joint Petition. If you wish to comment or object, we must receive your written comments or objections not later than January 26, 2009, at the following addresses:

Administrative Law Judge Louis G. Cocheres
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Administrative Law Judge Ember S. Jandebour
Pennsylvania Public Utility Commission
317 Scranton State Office Building
100 Lackawanna Avenue
Scranton, PA 18503

The opportunity to submit written comments on, or objections to, the Joint Petition is a means of expressing your opinions regarding the proposed settlement and the rate case before our Recommended Decision is issued. Your rights to file Exceptions and/or Replies Exceptions to the Recommended Decision are not affected by these settlements unless you decide to join in a Joint Petition, as explained below. **Objections to the settlement must include facts, affidavits, argument and relevant legal analysis as substantiation and must be sent to us and all parties. Only if specifically requested, and supported**

by appropriate information and legal argument concerning the implications of denial of a continued opportunity to litigate the matter in lieu of settlement, will continued litigation of a Complaint be considered.

I have scheduled a hearing in Harrisburg on January 28, 2009. A copy of the hearing notice is enclosed. If there is a need to continue litigation and/or if we have questions about the settlement terms which require on-the-record explanations, the hearing will be used for those purposes. If there is no reason to continue litigation and if we have no questions, the hearing will be cancelled on short notice.

If, after you review the Joint Petition, you wish to join in it, you may do so by completing and returning to me a signed copy of the Signature Page enclosed with this letter. Please understand that by signing and returning the Signature Page you will be signifying that you do not wish to further prosecute your Complaint unless the Commission rejects or modifies the Joint Petition.

Please carefully review the Joint Petition and the attached statements in support. If you have any questions, representatives of the Office of Trial Staff or the Office of Consumer Advocate would be glad to speak with you. The Office of Trial Staff's representative, Kenneth L. Mickens, Esquire, can be contacted at (717) 787-1976. Christy M. Appleby, Esquire, from the Office of Consumer Advocate, can be contacted at (717) 783-5048.

(Emphasis in the original.) Mr. Krisanda did not respond to my letter.

After reviewing the Joint Petition and its attachments, Judge Jandebour and I posed five questions by e-mail, dated January 22, 2009, to the signatories, as follows:

Judge Jandebour and I have completed our review of all of the settlement documents. Listed below are 5 issues which Judge Jandebour and I would like you to address, clarify or correct on or before noon on Tue. Jan 27. We are hoping that these issues will be viewed as minor and can be addressed in our RD without the need for a hearing. If you believe some discussion is needed, we can use the previously scheduled on-the-record conference on Wed. Jan. 28 at 10:00 a.m. in Hearing Room 5. If we have a conference call, you may bring your witnesses with you or have them available by telephone. If you want the witnesses to be present by phone, give me

their phone numbers. We are not requiring their presence. They can simply be available without being hooked up until we decide we need them.

1. There is an inconsistency regarding STAS between the Joint Petition and Appendices A and B. Starting with the Joint Petition, at p. 5, ¶15, the Petition states that the \$855,000 total proposed settlement revenue includes a \$2,300 increase in the STAS. The chart on p. 5, ¶17 for overall class revenues makes no mention of STAS, but totals \$855,000, which apparently includes the \$2,300 STAS increase spread among the classes. However, in App. B, Sch. 1, the Allocation of Delivery Revenue Requirement on p. 1, and the Proof of Revenues Summary on p. 9, both show that the proposed rate year settlement rates are designed to generate \$852,708, which is exclusive of the STAS. The problem is that the rates in the proposed tariff (App. A) match those used in App. B, Sch. 1, p. 9, which generate only \$852,708 (col. 4), and therefore do not appear to generate sufficient revenues to include the STAS (*i.e.* total \$855,00).

2. Why is there no reference to STAS in current or proposed rates for SC-3 and SC-4 in App. B, Sch. 3, pp. 3-4 of the Joint Petition? Are these public and private lighting rates exempt? In the Company's currently effective tariff, all rate schedules (SC-1³] through SC-4) include references to STAS as being applicable to service taken under those rate schedules. Similarly, in App. B, Sch. 3 of the Joint Petition, the STAS is included as a rate element for rate schedules SC-1 and SC-2⁴] under both current and proposed rates (pp. 1-3). However, for rate schedules SC-3 and SC-4, the STAS is not listed as an applicable rate element (pp. 4-5).

3. There is an inconsistency regarding the SBC between the Joint Petition and Appendices A and B. Starting with the Joint Petition, p. 7, ¶18b (top 3 lines), the last sentence of this paragraph states that the SBC shall apply only to the SC-1 class. Accordingly, App. B, Sch. 3, p. 1 correctly includes the SBC as a rate element in proposed rates for SC-1. Also, in App. A, the proposed tariff correctly defines the SBC and explains that it only applies to SC-1 customers. App. A, p. 14 (revised Tariff p. 74). In the currently effective tariff, the SBC is correctly listed as a rate element for the SC-1 customers on revised Tariff p. 85. However, on revised Tariff p. 85 of the proposed tariff (App. A, p. 16), there is no SBC listing for the SC-1 customers. Why was the entry omitted?

³ [The SC-1 class encompasses the residential customers.]

⁴ [The SC-2 class is divided into two commercial subclasses: Primary (small) and Secondary (large).]

4. The SBC is also correctly listed on the current Tariff pages for all customers (SC-1 through SC-4). It is correctly omitted on revised Tariff p. 88 of the proposed tariff (App. A, p. 19) for SC-2 (Secondary and Primary) customers, in accordance with the terms of the Joint Petition as set forth in the last sentence of p. 7, ¶18b which specify that the SBC should only apply to the SC-1 customers. However, App. B, Sch. 3, pp. 2-3 improperly list the SBC for the proposed SC-2 (secondary and primary) customers in contradiction to the terms of the Joint Petition. These same App. B, Sch. 3 entries also contradict similar language in the App. A, SBC definition. App. A, p. 14 (revised Tariff p. 74).

5. Shouldn't the proposed Tariff, App. A, Revised p. 85, show a (C) in the margin to highlight the removal of the water heating rate and include a brief explanation that the rate was consolidated into the first rate block?

Because the public advocates did not waive their *ex parte* rights, I held a settlement hearing on Wednesday, January 28, 2009 on the five listed issues. At the hearing, Pike submitted Pike County Exhibit A Supplemental Hearing which included a two page document responding to the five questions posed in the January 22 e-mail quoted above and revised pages to Appendices A (at p. 16, Tariff Revised p. 85) and B (at Sch. 3, pp. 2-5). The Exhibit was admitted to the record. (The revised Tariff and Schedule 3 pages were substituted for the originals which are attached to this Recommended Decision. The two page response to the five questions is the last document attached to the R.D.)

The transcript of the entire proceeding, including the prehearing conference, two public input hearings and the settlement hearing covered 105 pages. No party submitted a brief. However, each signatory filed a Statement in Support (Appendices D through G) with the Joint Petition. In addition, the signatories requested that the Company's original filing and all parties' testimony and exhibits filed and/or served in this proceeding be included in the record. As will be set forth below, that request was contained in the Joint Petition (at 8-9, ¶ 20) and will be granted.

After the Joint Petition was filed and before the settlement hearing, Judge Jandebaur became unavailable and was not able to continue presiding in this case.

DISCUSSION

After reviewing the testimony and exhibits and the transcripts and the Joint Petition and its Appendices and the Public Utility Code (66 Pa. C.S. §§ 101 *et seq.*), I find that the terms in the Joint Petition are in the public interest and recommend that the Joint Petition be granted as modified by Pike County Exhibit A Supplemental Hearing without further modification.

More specifically, the operative terms of the settlement start on page 5, ¶ 15, of the Joint Petition and end on page 11, ¶ 29, of the Joint Petition. The terms as modified by corrections and explanations contained in Pike County Exhibit A Supplemental Hearing are self-explanatory, relatively easy to understand and need no clarification or embellishment from me.

The signatories provided a variety of good reasons for concluding that the settlement is in the public interest. Starting with the Joint Petition, the parties alleged that “adoption and approval of this Petition for Settlement will avoid the need for the evidentiary hearings and the cross-examination of witnesses, for briefing, and for continued litigation of this proceeding, thereby eliminating substantial costs.” Joint Petition at 9, ¶ 22. While this reason is normally presented as a reason for settlement, it is also true. In this case hearings set for December 2, 3 and 4 were not held. No briefs were filed. The absence of these activities understandably reduced costs for all parties, and ultimately, for the ratepayers.

In its Statement in Support, the Company represented that the Joint Petition was in the public interest because the agreed-upon rate and revenue levels provided for the necessary additional funds to meet Pike’s obligations under the Public Utility Code to provide safe, adequate and reliable service. The Company emphasized that the agreed-upon rate and revenue

levels, a) produced an adequate return on the Company's invested capital that was dedicated to the service of the Company's customers, b) provided sufficient operating revenues to meet operating expenses, taxes and other charges, c) enabled the Company to maintain its creditworthiness at a level sufficient to raise capital necessary to perform its obligations to provide safe, adequate and proper service to its customers, and (d) provided a reasonable rate of return on the Company's investment in electric property. Appendix D, at 2, ¶ 2. Pike also noted that the rates were designed to increase annual base rate operating revenue by approximately \$855,000 to a new revenue level of approximately \$13,069,800, which represented a 7% increase. *Id.* at 2-3, ¶ 3. The Company pointed out that customers in the SC-2 Primary rate classification would experience no increase in distribution rates and that this provision brought the small commercial class closer in line with their cost of service in accordance with recent Commission and Court decisions. *Id.* at 3, ¶ 5. Pike stated that the rates proposed would go into effect no sooner than April 1, 2009, and as a result, Pike customers would not experience a rate increase from this case sooner than anticipated from the original litigation schedule. *Id.* at 4, ¶ 6. The Company explained that the "stay-out" provision contributed significantly to rate stability for Pike's customers. *Id.* at 4, ¶ 7. Pike emphasized that the Customer Charges were lower than those proposed by the Company in its original filing and reduced the impact of the rate increase on the customers. *Id.* at 4, ¶ 8. Pike continued that, by making the changes with regard to its Cost of Service Study in future rate filings, it would be easier for the parties and the Commission to review the proposed rate changes and the underlying justifications for the changes. *Id.* at 4, ¶ 9. The Company stressed that, by implementing an energy efficiency program (the Direct Install Weatherization Program) for low-income customers, it would help low-income customers to lower their electric bill by increasing the energy efficiency of their homes. *Id.* at 4-5, ¶ 10. The Company explained that, by establishing a \$27.00 reconnection charge and a late payment charge equal to 1.5% of the overdue balance, Pike would cover administrative costs associated with terminations, reconnections and overdue bills which would insulate responsible ratepayers from additional costs. *Id.* at 5, ¶ 11. Pike concluded that, by amortizing deferred expenses for Other Post Employee Benefits over ten years and by reducing the Company's rate case expense claim by 50% and amortizing it over five years, the result would be lower rates for the customers in the long run. *Id.* at 5, ¶ 12.

The OTS posited that the smaller rate increase provided significant benefits to the ratepayers for two reasons: First, it required Pike to eliminate the water heating provision for the SC-1 customers. And second, when this change was combined with the plan for phasing out the declining block rate structure in its next base rate proceeding, it also would support the Commission's interest in energy conservation. Appendix E at 3, ¶ 6(a). Further, it agreed with the Company that, by using a five-year normalization of 50% of its rate case expense, there would be another benefit for the ratepayers. *Id.* at 3-4, ¶ 6(b). And finally, it agreed with the Company that the Joint Petition provided adequate cash flow for Pike, while ensuring that the customers were not confronted with a burdensome increase. *Id.* at 3-4, ¶ 6(c).

The OCA believed that the proposed rates represented a result that would be within the range of likely outcomes in the event of full litigation of the case. Appendix F at 4. The OCA noted that, as a result of the settlement, the residential class revenues would increase \$528,000, which was an approximate 11.1% overall increase instead of the Company's originally proposed 14.5% increase. *Id.* at 5. The OCA agreed with the Company that limiting the increase in its residential Customer Charge to \$0.96 would bring the Customer Charge to \$6.25 and would moderate the increase for those customers. *Id.* at 5. The OCA highlighted the Company's obligation to present a plan in the next base rate filing to phase out the declining block rate structure. The OCA explained its concern that elimination of the declining block rate structure in this proceeding would result in intra-class rate shock for SC-1 residential customers and confirmed its support for presenting a plan for the phase-out of the declining block rate structure in the next base rate proceeding. *Id.* at 5-6.

Because a one-time rate increase was consistent with the Commission's single future test year methodology, the OSBA supported the concept set forth in the settlement in preference to either of the alternative multiple-year increases which had been included in the original filing. Appendix G at 2. The OSBA stated that the settlement acknowledged several OSBA criticisms of the Company's Cost of Service Study which had unjustifiably over-stated the costs assigned to small business customers. The OSBA endorsed the idea that the corrections

should be made in the context of the next base rate case. *Id.* 2-3. The OSBA agreed with Pike that, by removing the SBC from the non-residential customers and incorporating those charges into the residential rates, the rate design conformed to cost causation principles and Commission policy. *Id.* 3.

After reviewing the Joint Petition and Appendices A through C as modified by Pike County Exhibit A Supplemental Hearing and the Statements In Support (Appendices D through G), I find that the proposed rates set forth in Appendix A to be just and reasonable and in the public interest for all of the reasons set forth by the signatories as noted above. I appreciate their efforts in presenting such a comprehensive list. Accordingly, I will enter an order below which recommends implementing the terms of the settlement without further modification.

ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition For Settlement Of Rate Investigation and its Appendices, dated January 12, 2009, as modified by Pike County Exhibit A Supplemental Hearing among Pike County Light and Power Company, the Office of Trial Staff, the Office of Consumer Advocate and the Office Small Business Advocate is hereby approved.
2. That, in accordance with paragraph 15 of the Joint Petition, Pike County Light and Power Company will be permitted to establish rates which will produce an overall increase in annual electric operating revenues of approximately \$855,000. This change represents the net effect of an incremental delivery revenue increase of approximately \$852,700, and an increase of approximately \$2,300 in the State Tax Adjustment Surcharge (STAS).

3. That, in accordance with paragraphs 16 and 17 of the Joint Petition, the rates, as determined in accordance with the attached proof of revenues (Appendix B) and tariff supplement and as modified by Pike County Exhibit A Supplemental Hearing, will become effective on one day's notice for service rendered no sooner than April 1, 2009.

4. That, in accordance with paragraph 18a of the Joint Petition, Pike County Light and Power Company shall not file for a new general base rate increase prior to April 1, 2010. However, if a legislative body or administrative agency, including the Commission, orders or enacts fundamental changes in policy, regulation or statutes which directly and substantially affect Pike's rates, Pike may file for a change in rates under Sections 1308(a) and (b) (governing general rate relief) before the expiration of the stay-out period; and the settlement shall not prevent Pike from filing tariff supplements to the extent necessitated by such action. Notwithstanding the foregoing provision, Pike is allowed to file a tariff or tariff supplement proposing changes in its STAS, System Benefits Charge, or in its Default Service rates, including the Market Price for Electric Supply, Electric Supply Adjustment Charge, and any successor charges, and for recovery of costs associated with compliance with the Alternative Energy Portfolio Standards Act. Nothing in this paragraph is intended to limit Pike's rights under Section 1308(e) (governing extraordinary rate relief).

5. That, in accordance with paragraph 18b of the Joint Petition, the distribution of revenue among customer classes in the Joint Petition shall be as set forth in the attached Proof of Revenues at Appendix B, as modified by Pike County Exhibit A Supplemental Hearing. In addition, the Customer Charges shall be set at \$6.25 for Service Classification (SC) No. 1 (SC-1), \$10.00 for SC-2 Secondary, and \$105.00 SC-2 Primary customers, respectively. Also, the water heating provision for SC-1 shall be eliminated. With the elimination of the water heating provision, all usage less than 1,000 kWh shall be priced at the first block (i.e., first 1,000 kWh) charge. Lastly, the System Benefits Charge shall apply only to SC-1 customers.

6. That, in accordance with paragraph 18c of the Joint Petition, in the Pike County Light and Power Company's next base rate filing it shall base its Embedded Cost of

Service (ECOS) study on the same time period as the historic accounting test year. Pike also shall provide a revised ECOS study for illustrative purposes reflecting the proposed rate level. However, the revised study will not include projections of future year costs and usage. Pike also shall in its next base rate filing establish a plan for phasing out the declining block rate structure in the SC-1 class. Finally, Pike shall address in its ECOS in its next base rate filing the other criticisms of its ECOS raised by the Office of Small Business Advocate and the other parties in this proceeding, *i.e.*, Pike shall either incorporate in its ECOS in its next base rate filing the changes recommended by the OSBA and the other parties in this proceeding or Pike shall explain in its filing why it declined to incorporate those changes.

7. That, in accordance with paragraph 18d of the Joint Petition, the Pike County Light and Power Company shall implement a low-income direct install energy efficiency program (DIW Program) as described in Appendix C over the three-year period from April 1, 2009 through March 31, 2012 as proposed in the testimony of Jane J. Quin, St. No. 7, pages 2 to 8. Depending on Pike's experience, Pike shall make a filing with the Commission to continue, modify, or terminate the DIW Program.

8. That, in accordance with paragraph 18e of the Joint Petition, a reconnection charge of \$27.00 shall be established in Rules and Regulations Section 16, Restoration of Service, of the Pike County Light and Power Company's electric tariff. Pike also may impose a late payment charge on any bill not paid within five days of the due date at the rate of one and one-half percent (1.5%) per month on the overdue balance of the bill.

9. That, in accordance with paragraph 18f of the Joint Petition, deferred expenses for Other Post Employee Benefits shall be amortized over ten years.

10. That, in accordance with paragraph 18g of the Joint Petition, the revenue requirement reflects an allowance for rate case expense which was 50% of the Pike County Light and Power Company's claim and which shall be normalized over five years.

11. That, in accordance with paragraph 19 of the Joint Petition, the design and structure of rates for Pike County Light and Power Company customers under the Joint Petition were developed based upon the customer and usage charges contained within the tariff supplement set forth in Appendix A as modified by Pike County Exhibit A Supplemental Hearing. The rates and charges set forth in Appendix A as modified by Pike County Exhibit A Supplemental Hearing are just and reasonable and are in the public interest.

12. That, in accordance with paragraphs 8, 9 and 20 of the Joint Petition, Pike County Light and Power Company's original filing, including all exhibits, testimony and supporting data, is hereby admitted into the record as originally filed with the Secretary of the Commission and/or as served to the parties. In addition, the Direct Testimony of David J. Effron, OCA St. No. 1; Direct Testimony of David Parcell, OCA St. No. 2; Direct Testimony of Glenn A. Watkins, OCA St. No. 3; Rebuttal Testimony of Glenn A. Watkins, OCA St. No. 3R; Surrebuttal Testimony of David J. Effron, OCA St. No. 1S; and Surrebuttal Testimony of Glenn A. Watkins, OCA St. No. 3S; Direct Testimony of Amanda Gordon, OTS St. No. 1 and OTS Ex. No. 1; Direct Testimony of Christine S. Wilson, OTS St. No. 2 and OTS Ex. No. 2; Direct Testimony of Gary Yocca, OTS St. No. 3 and OTS Ex. No. 3; Surrebuttal Testimony of Christine S. Wilson, OTS St. No. 2-SR; Surrebuttal Testimony of Gary Yocca, OTS St. No. 3-SR and OTS Ex. No. 3-SR; Direct Testimony of Robert D. Knecht and Mark D. Ewen, OSBA St. No. 1; Rebuttal Testimony of Robert D. Knecht and Mark D. Ewen, OSBA St. No. 2; and Surrebuttal Testimony of Robert D. Knecht and Mark D. Ewen, OSBA St. No. 3 are hereby admitted into the record. Copies of all documents not previously filed with the Secretary shall be filed within ten (10) days of the Commission's Order.

13. That, in accordance with paragraph 23 of the Joint Petition, the Joint Petition was proposed to settle the instant case and was made without any admission against, or prejudice to, any positions which any Joint Petitioner might adopt during any subsequent litigation of this proceeding (should the Joint Petition be rejected or modified), or in any other proceeding.

14. That, in accordance with paragraph 24 of the Joint Petition, if the Commission withholds approval of the Joint Petition as to any of the terms and conditions, or alters any of the terms and conditions, any Joint Petitioner may withdraw from this settlement upon written notice of its intent to the Commission and the remaining parties within three business days of the date of the Commission's Order and may resume with the litigation of this proceeding within ten days of the entry of the Order making any such modifications.

15. That, in accordance with paragraph 25 of the Joint Petition, the Joint Petition shall have the same effect as full litigation of the instant proceeding resulting in the establishment of rates that are Commission-made rates.

16. That, in accordance with paragraph 26 of the Joint Petition, in the event that the Commission does not approve the Joint Petition, the signatory parties reserve their respective rights to resume litigation. If the Administrative Law Judge, in his Recommended Decision, recommends that the Commission adopt the Joint Petition as proposed, Joint Petitioners waive the filing of Exceptions. However, Joint Petitioners shall have the right to file Exceptions with respect to any additional matters dealt with, or any modifications to the terms and conditions of the Joint Petition recommended by the Administrative Law Judge in his Recommended Decision.

17. That, Gregory Krisanda, by virtue of his failure to respond to the January 14, 2009 letter, quoted above, waived his opportunity to comment, object or request a hearing concerning the terms of the Joint Petition.


18. That, in accordance with paragraph 29 of the Joint Petition, the approval and implementation of the Joint Petition shall not constitute or be cited as controlling precedent in this or any other jurisdiction.

19. That Pike County Light and Power Company shall file its tariff supplement as set forth in Appendix A on one day's notice, so as to increase total revenues of

Pike by approximately \$855,000, to a level of approximately \$13,069,800 or by 7.0 % beginning no sooner than for service rendered on and after April 1, 2009.

20. That upon filing the tariff supplement as described in paragraph 19 above and the receipt of the parties' testimony and exhibits as described in paragraph 12 above, the Secretary shall terminate and mark closed this inquiry and investigation at Docket Nos. R-2008-2046518, C-2008-2059595, C-2008-2059655 and C-2008-2059764.

DATED: February 5, 2009


Louis G. Cocheres
Administrative Law Judge

ATTACHMENTS

Saul Ewing
LLP

John J. Gallagher
Phone: (717) 257-7509
Fax: (717) 257-7591
jgallagher@saul.com
www.saul.com

January 12, 2009

VIA HAND DELIVERY

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**Re: PaPUC v. Pike County Light & Power Company (Electric Rate Case)
Docket No. R-2008-2046518**

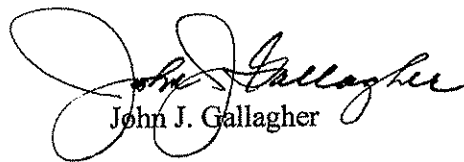
Dear Mr. McNulty:

Enclosed for filing please find an original and three (3) copies of Pike County Light & Power Company's Joint Petition for Settlement of Rate Investigation, along with its Appendices and Statements in Support ("Joint Petition") in the above-referenced matter.

In addition, enclosed please find two copies of the Direct, Rebuttal and/or Surrebuttal Testimony and Exhibits of the Pike County Light & Power Company, the Office of Trial Staff, the Office of Consumer Advocate, and the Office of Small Business Advocate to be provided to the court reporter in order to enter into the record as provided for in the enclosed Joint Petition.

Please date-stamp the extra copy and return with our courier service. Please feel free to call with any questions regarding this filing. Thank you in advance for your cooperation.

Sincerely,


John J. Gallagher

Enclosure

c: As Per Certificate of Service
John L. Carley, Esquire (w/enc.)

2 North Second Street, 7th Floor • Harrisburg, PA 17101-1619 • Phone: (717) 257-7500 • Fax: (717) 238-4622

DELAWARE MARYLAND NEW JERSEY NEW YORK PENNSYLVANIA WASHINGTON, DC

A DELAWARE LIMITED LIABILITY PARTNERSHIP

**BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

v.

Pike County Light & Power Company

Docket No. R-2008-2046518
(Electric Rate Case)

**JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

Pike County Light & Power Company ("Pike" or "Company"), the Office of Trial Staff ("OTS"), the Office of Consumer Advocate ("OCA"), and the Office of Small Business Advocate ("OSBA"), collectively referred to as "Joint Petitioners," by their respective counsel, respectfully request: (a) that Administrative Law Judges Louis Cocheres and Ember Jandebour recommend approval of this Joint Petition for Settlement ("Petition for Settlement") as set forth herein; (b) that the Pennsylvania Public Utility Commission ("Commission") approve and adopt this Petition for Settlement as set forth herein; and (c) that the Commission permit Pike to file tariff supplements attached hereto at **Appendix A** effective on one day's notice for service rendered on and after the Effective Date as set forth in this Petition for Settlement. In support of this Petition for Settlement, the Joint Petitioners set forth the following:

I. FACTUAL AND PROCEDURAL BACKGROUND

1. On July 18, 2008, Pike filed with the Commission Supplement No. 46 to Tariff Electric – PA P.U.C. No. 8 to become effective September 16, 2008. Supplement No. 46 to Tariff Electric – PA P.U.C. No. 8 contains proposed changes in Pike’s rates, rules, and regulations and sets forth a request to adjust current electric rates in order to produce additional revenues of approximately \$1.2 million per year, an increase of approximately 9.6 % in overall electric revenues (including an estimate of electric supply costs for full service and retail access customers) based on the twelve months ending March 31, 2009.

2. On August 14, 2008, OSBA filed a Notice of Appearance and a Formal Complaint against the proposed rate change. On August 19, 2008, OCA filed a Notice of Appearance and a Formal Complaint against the proposed rate adjustment. On August 19, 2008, OTS filed a Notice of Appearance. On September 3, 2008, Gregory and Laurie Krisanda (jointly, “Krisanda”) filed a Formal Complaint against the filing at Docket No. C-2008-2059595. Pike has filed Answers to the Formal Complaints of OSBA, OCA and Krisanda and denied the substantive allegations contained therein.

3. On September 11, 2008, the Commission issued an Order suspending the effective date of the proposed tariff until April 16, 2009 and instituted an investigation into the rate filing.

4. Administrative Law Judges Louis G. Cocheres and Ember S. Jandebour (“ALJs”) were assigned to the instant matter and presided over an Initial Pre-Hearing Conference on September 29, 2008.

5. On October 1, 2008, the ALJs issued a Prehearing Order setting forth the litigation schedule for the proceeding, including dates for Public Input Hearings in Pike County and evidentiary hearings in Harrisburg.

6. On November 5, 2008, the ALJs presided over Public Input Hearings in Matamoras, Pike County, PA. Several witnesses offered on-the-record sworn testimony at the hearings.

7. During the course of this proceeding, OTS, OCA, and OSBA have propounded and Pike has responded to more than 120 interrogatories and discovery requests. In addition, the Company has made its witnesses available to the parties to answer specific questions. The parties have used discovery extensively to investigate Pike's filing and to prepare their respective positions on the rate change request.

8. In addition, the parties have filed testimony in this proceeding. The Company filed the Direct Testimony of the following witnesses on July 18, 2008 together with its rate filing:

- a. Accounting Panel – Kenneth A. Kosior, Richard A. Kane and Stephen D. Prager;
- b. Forecasting Panel – Patrick F. Hourihane and Charles K. Akabay;
- c. Electric Rate Panel – William Atzl, Lucy Villeta and Ricky Joe;
- d. Charles D. Hutcheson – Manager, Property Tax & Depreciation, Consolidated Edison Company of New York, Inc.;
- e. Roger A. Morin, PhD;
- f. Angelo M. Regan – Director of Electrical Engineering, Orange and Rockland Utilities, Inc. ("O&R"); and
- g. Jane J. Quin – Director, Customer Energy Services, O&R.

9. The Company filed Rebuttal Testimony from its Accounting Panel, its Rate Panel and Angelo M. Regan on November 17, 2008.

10. The OSBA filed the Direct, Rebuttal and Surrebuttal Testimony of Robert D. Knecht and Mark D. Ewen on November 3, 2008, November 17, 2008 and November 25, 2008, respectively.

11. OTS filed the Direct Testimony of Amanda Gordon, Christine Wilson and Gary Yocca on November 3, 2008, and the Surrebuttal Testimony of Christine Wilson and Gary Yocca on November 25, 2008.

12. The OCA filed the Direct Testimony of David J. Effron, David C. Parcell, and Glenn A. Watkins on November 3, 2008, Rebuttal Testimony of Glenn A. Watkins on November 17, 2008, and the Surrebuttal Testimony of David Effron and Glenn Watkins on November 25, 2008.

13. Following the filing of testimony and before the commencement of evidentiary hearings in this matter, Joint Petitioners met and engaged in settlement negotiations resulting in this Petition for Settlement. Joint Petitioners have been able to agree to a proposed revenue increase and a rate design to recover the agreed-upon increase and a number of other settlement terms that effectively resolve all the issues raised by the participants in this proceeding.

14. Although Joint Petitioners have not agreed upon specific adjustments reflective of their respective positions (except as set forth below), they join in and request approval of this Petition for Settlement. Joint Petitioners are in full agreement that Commission approval of this Petition for Settlement would result in rates that are just and reasonable and would otherwise be in the public interest.

II. TERMS AND CONDITIONS OF SETTLEMENT

15. Under the terms of the settlement, Pike will be permitted to establish rates which will produce an overall increase in annual operating revenues of approximately \$855,000. This represents the net effect of an incremental delivery revenue increase of approximately \$852,700, and an increase of approximately \$2,300 in the State Tax Adjustment Surcharge (STAS).¹

16. These rates, as determined in accordance with the attached proof of revenues (**Appendix B**) and tariff supplement, will be effective on one day's notice for service rendered no sooner than April 1, 2009.

17. In sum, the increase in overall revenues by class from present rates as proposed in this Petition for Settlement is as follows:²

Customer Class	Present Revenues	Revenues per Settlement	Revenue Increase	Percent Increase
SC-1 (Residential)	\$ 4,723,700	\$ 5,250,500	\$ 526,800	11.2 %
SC-2 Secondary (Commercial)	5,114,300	5,416,500	302,200	5.9 %
SC-2 Primary (Commercial)	2,262,800	2,262,800	0	0.0 %
SC-3 (Municipal Lighting)	63,000	78,600	15,600	24.8 %
SC-4 (Private Lighting)	51,000	61,400	10,400	20.4 %
TOTAL	<u>\$ 12,214,800</u>	<u>\$ 13,069,800</u>	<u>\$ 855,000</u>	<u>7.0%</u>

18. In addition to, and in consideration of, the agreed-upon overall increase in operating revenues, Joint Petitioners agree to various terms and conditions set forth as follows:

- a. *Effective Date and Stay-Out* – The rates reflecting the increase set forth above will become effective no sooner than April 1, 2009. Pike agrees that

¹ Pursuant to the Commission's March 10, 1970 Order establishing the STAS, the Company is required to zero out its STAS in a base rate proceeding and transfer its STAS recovery to base rates.

² Does not include the impacts associated with changes in the SBC.

it will not file for a new general base rate increase prior to April 1, 2010. However, if a legislative body or administrative agency, including the Commission, orders or enacts fundamental changes in policy, regulation or statutes which directly and substantially affect Pike's rates, Pike may file for a change in rates under Sections 1308(a) and (b) (governing general rate relief) before the expiration of the stay-out period and this Settlement shall not prevent the Company from filing tariff supplements to the extent necessitated by such action. Notwithstanding the foregoing provision, Pike is allowed to file a tariff or tariff supplement proposing changes in its STAS, System Benefits Charge, or in its Default Service rates, including the Market Price for Electric Supply, Electric Supply Adjustment Charge, and any successor charges, and for recovery of costs associated with compliance with the Alternative Energy Portfolio Standards Act. Nothing in this paragraph is intended to limit Pike's rights under Section 1308(e) (governing extraordinary rate relief)

- b. *Rate Structure/Rate Design* -- Joint Petitioners agree to the distribution of revenue among customer classes in this Petition for Settlement as set forth in the attached Proof of Revenues at **Appendix B**. In addition, the Customer Charges will be set at \$6.25 for Service Classification No. 1 (SC-1), \$10.00 for SC-2 Secondary, and \$105.00 SC-2 Primary. Also, the parties agree to eliminate the water heating provision for SC-1. Under this provision, usage from 300 kWh to 700 kWh was priced at the lower tail block (i.e., over 1,000 kWh) charge. With the elimination of the water

heating provision, all usage less than 1,000 kWh will be priced at the first block (i.e., first 1,000 kWh) charge. Lastly, the parties agree that the System Benefits Charge ("SBC") shall apply only to SC-1 customers.

- c. *Future Rate Filings* – The Company agrees that in its next base rate filing it will base its Embedded Cost of Service ("ECOS") study on the same time period as the historic accounting test year. The Company also agrees to provide a revised ECOS study for illustrative purposes reflecting the proposed rate level. However, this revised study will not include projections of future year costs and usage. The Company also agrees that, in its next base rate filing, it will establish a plan for phasing out the declining block rate structure in SC-1. Finally, the Company agrees that it will address in its ECOS in its next base rate filing the other criticisms of its ECOS raised by the OSBA and the other parties in this proceeding, *i.e.*, the Company will either incorporate in its ECOS in its next base rate filing the changes recommended by the OSBA and the other parties in this proceeding or the Company will explain in its filing why it has declined to incorporate those changes.
- d. *Low Income Direct Install Weatherization Program* – The Joint Petitioners agree that the Company shall implement a low-income direct install energy efficiency program ("DIW Program") as described in **Appendix C** over the three-year period from April 1, 2009 through March 31, 2012 as proposed in the testimony of Jane J. Quin, St. No. 7, pages 2 to 8. Depending on the

Company's experience, the Company would make a filing with the Commission to continue, modify, or terminate the DIW Program.

- e. *Service Charges* – The Joint Petitioners agree that a reconnection charge of \$27 shall be established in Rules and Regulations Section 16, Restoration of Service, of the Company's electric tariff. The Joint Petitioners also agree that the Company may impose a late payment charge on any bill not paid within five days of the due date at the rate of one and one-half percent (1.5%) per month on the overdue balance of the bill.
- f. *OPEB Expense* – Deferred expenses for Other Post Employee Benefits (OPEB) will be amortized over 10 years.
- g. *Rate Case Expense* – The revenue requirement reflects an allowance for rate case expense that is 50% of the Company's claim and a normalization of the rate case expense over five years.

19. The design and structure of rates for Pike customers under this Petition for Settlement are developed based upon the customer and usage charges contained within the tariff supplement set forth in **Appendix A**. Joint Petitioners agree that rates and charges set forth in **Appendix A** are just and reasonable and are in the public interest. Joint Petitioners agree to undertake best efforts to obtain approval of this Petition for Settlement in time for rates to become effective April 1, 2009.

20. The Joint Petitioners request that Pike's original filing, including all exhibits, testimony and supporting data, be admitted into the record as originally filed with the Secretary of the Commission. 52 Pa. Code §§ 53.52, 53.53. In addition, the Joint Petitioners request the admission of: Direct Testimony of David J. Effron, OCA St. No. 1; Direct Testimony of David

Parcell, OCA St. No. 2; Direct Testimony of Glenn A. Watkins, OCA St. No. 3; Rebuttal Testimony of Glenn A. Watkins, OCA St. No. 3R; Surrebuttal Testimony of David J. Effron, OCA St. No. 1S; and Surrebuttal Testimony of Glenn A. Watkins, OCA St. No. 3S; Direct Testimony of Amanda Gordon, OTS St. No. 1 and OTS Ex. No. 1; Direct Testimony of Christine S. Wilson, OTS St. No. 2 and OTS Ex. No. 2; Direct Testimony of Gary Yocca, OTS St. No. 3 and OTS Ex. No. 3; Surrebuttal Testimony of Christine S. Wilson, OTS St. No. 2-SR; Surrebuttal Testimony of Gary Yocca, OTS St. No. 3-SR and OTS Ex. No. 3-SR; Direct Testimony of Robert D. Knecht and Mark D. Ewen, OSBA St. No. 1; Rebuttal Testimony of Robert D. Knecht and Mark D. Ewen, OSBA St. No. 2; and Surrebuttal Testimony of Robert D. Knecht and Mark D. Ewen, OSBA St. No. 3.

21. Joint Petitioners agree that adoption and approval of this Petition for Settlement by the ALJ and the Commission is in the public interest. Under this Petition for Settlement, the monthly bill of a typical residential customer using 660 kilowatt hours (kWh) per month will increase from \$ 109.15 to \$ 121.30, or by approximately 11.1%, rather than the 14.5% originally requested by the Company.

22. This Petition for Settlement provides for a sound and reasonable revenue requirement and appropriately balances the interests and concerns of Pike, OTS, OCA, and OSBA. In addition, adoption and approval of this Petition for Settlement will avoid the need for the evidentiary hearings and the cross-examination of witnesses, for briefing, and for continued litigation of this proceeding, thereby eliminating substantial costs.³

³ It should be noted that the majority of witnesses in this proceeding would be required to come to Harrisburg from out-of-town for hearings and that settlement of this matter eliminates significant costs for travel.

23. This Petition for Settlement arises from extensive discovery, testimony and discussions and reflects compromises by all sides. It is being proposed to settle the instant case. Accordingly, this Petition for Settlement is made without any admission against, or prejudice to, any positions which any Joint Petitioner might adopt during any subsequent litigation of this proceeding (should this Petition for Settlement be rejected or modified), or in any other proceeding.

24. If the Commission withholds approval of this Petition for Settlement as to any of the terms and conditions, or alters any of the terms and conditions, any Joint Petitioner may withdraw from this settlement upon written notice of its intent to the Commission and the remaining parties within three business days of the date of the Commission's Order and may resume with the litigation of this proceeding within ten days of the entry of the Order making any such modifications.

25. Joint Petitioners agree that this Petition for Settlement shall be considered to have the same effect as full litigation of the instant proceeding resulting in the establishment of rates that are Commission-made rates.

26. In the event that the Commission does not approve this Petition for Settlement, the signatory parties reserve their respective rights to resume litigation. If the ALJs, in their Recommended Decision, recommend that the Commission adopt this Petition for Settlement as herein proposed, Joint Petitioners agree to waive the filing of Exceptions. However, Joint Petitioners do not waive their rights to file Exceptions with respect to any additional matters dealt with, or any modifications to the terms and conditions of this Petition for Settlement recommended by the ALJs in their Recommended Decision.

27. Joint Petitioners recognize that this Petition for Settlement does not bind formal complainants who have not joined herein. It should be noted that the Krisanda Complainants, the only other parties participating in this proceeding, have been or will be given the opportunity to sign on to this Petition for Settlement or offer their comments on this Petition for Settlement. The Krisanda Complaint was docketed by the Commission under Docket No. C-2008-2059595. The Joint Petitioners are not aware of any other formal complainants in this matter.

28. Pike, OTS, OCA, and OSBA have attached to this Petition for Settlement, as Appendices "D", "E", "F", and "G", respectively, Statements of Support setting forth the bases upon which they believe the Settlement is fair, just and reasonable and is, therefore, in the public interest.

29. The Joint Petitioners agree that this Settlement shall not constitute or be cited as controlling precedent in this or any other jurisdiction.

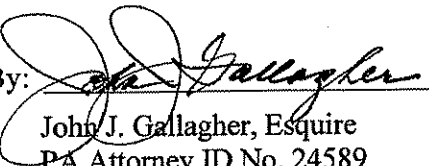
WHEREFORE, Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That Administrative Law Judges Louis Cocheres and Ember Jandebour and the Commission approve this Petition for Settlement inclusive of its terms and conditions without modification;
2. That the Commission permit Pike County Light & Power Company to file a tariff supplement (**Appendix A**) on one day's notice, so as to increase total revenues of Pike by approximately \$ 855,000, to a level of approximately \$ 13,069,800 or by 7.0 % beginning no sooner than for service rendered on and after April 1, 2009; and,

3. That the Commission terminate and mark closed its inquiry and investigation at Docket No. R-2008-2046518, including all complaint dockets associated therewith.

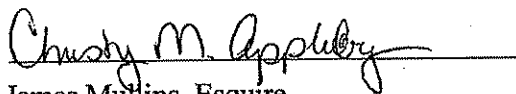
Respectfully submitted,

**PIKE COUNTY LIGHT & POWER
COMPANY**

By: 

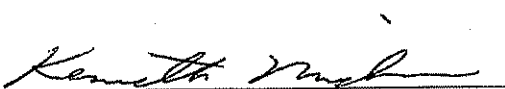
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DATED: January 12, 2009

BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Pike County Light & Power Company

Docket No.: R-2008-2046518

2008 Electric Rate Case

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Joint Petition for Settlement of Rate Investigation has been served on the persons listed below in accordance with the requirements of Section 1.54 of the Commission's regulations, 52 Pa. Code § 1.54 (relating to service by a party):

VIA E-MAIL and FIRST CLASS MAIL

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VIA FEDERAL EXPRESS

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gkris2003@yahoo.com

Respectfully submitted,


John J. Gallagher
Counsel for Petitioner

Date: January 12, 2009

APPENDIX "A"

SUPPLEMENT NO. ____ TO
ELECTRIC PA. P.U.C NO. 8

PIKE COUNTY LIGHT & POWER COMPANY

RATES AND RULES
GOVERNING THE
FURNISHING OF
ELECTRIC SERVICE

IN

THE BOROUGHES OF MATAMORAS AND MILFORD

AND VICINITY,

PIKE COUNTY, PENNSYLVANIA

(See Leaf No. 7)

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

NOTICE

This Supplement increases existing rates and makes changes to existing rules.
(See Leaf No. 2)

SUPPLEMENT NO. ____ TO
ELECTRIC PA. P.U.C NO. 8

PIKE COUNTY LIGHT & POWER COMPANY

46th REVISED LEAF NO. 2
SUPERSEDING 45th REVISED LEAF NO. 2

2. CHANGES MADE BY THIS SUPPLEMENT

Supplement No. ____ has been filed to reflect:

In compliance with Order of Pa. P.U.C. entered _____, 2009 at Docket No. R-2008-2046518, Supplement No. ____ has been filed to cancel Supplement Nos. 46 and 47 and to reflect the following:

- (1) increased delivery (i.e., customer and per kWh) charges applicable to Service Classification Nos. 1, 2 Secondary, 3, and 4;
- (2) an increased customer charge and decreased per kWh charges applicable to Service Classification No. 2 Primary.
- (3) a roll in of the State Tax Adjustment Surcharge, Part 1, into delivery rates;
- (4) the elimination of the water heating provision applicable to Service Classification No. 1 usage from 300 kWh to 700 kWh;
- (5) a revision to the System Benefits Charge in the Rules and Regulations Section 25 for applicability only to Service Classification No. 1;
- (6) a revised reconnection charge as shown in the Rules and Regulations Section 16; and
- (7) the implementation of a late payment charge as shown in the Rules and Regulations Section 10.

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

SUPPLEMENT NO. ____ TO
ELECTRIC PA. P.U.C. NO. 8

PIKE COUNTY LIGHT & POWER COMPANY

46th REVISED LEAF NO. 3
SUPERSEDING 45th REVISED LEAF NO. 3

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ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C. NO. 8

6th REVISED LEAF NO. 4
SUPERSEDING 4th REVISED LEAF NO. 4
5th REVISED LEAF NO. 4 CANCELED

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ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C. NO. 8

9th REVISED LEAF NO. 5
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ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C. NO. 8

PIKE COUNTY LIGHT & POWER COMPANY

41st REVISED LEAF NO. 6
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ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

2nd REVISED LEAF NO. 33
SUPERSEDING ORIGINAL LEAF NO. 33
1st REVISED LEAF NO. 33 CANCELED

RULES AND REGULATIONS

10. METERING AND BILLING (Continued)

10.5 RENDERING OF BILLS: (Continued)

Bills for service are normally rendered monthly. When the Company is unable to obtain meter readings on regular reading dates, bills are rendered (1) on readings by customers if said readings are received on or before the date shown on the meter indexing card, or (2) on estimated readings. Amounts billed on the basis of such estimates are subject to adjustment in accordance with the next meter readings obtained by the Company.

In case any meter for any reason fails to register the full usage of service by the customer for any period of time, the usage of service by the customer may be estimated by the Company on the basis of available data, and the customer billed accordingly.

10.6 LATE PAYMENT CHARGE: (C)

The Company may impose late payment charges on any bill not paid within five days of the due date at the rate of one and one-half percent (1.5%) per month on the overdue balance of the bill. The interest rate, when annualized, will not exceed 18% simple interest per annum.

10.7 CHANGE OF RATE: (C)

Service Classifications and Rules and Regulations under which customers are served are subject to such changes as may be lawfully made.

Customers taking service under a rate schedule so revised shall thereafter take and pay for service in accordance with the provisions of the revised, superseding or substituted schedule so established.

10.8 BILLING OPTIONS: (C)

The Company will bill the customer for all applicable charges unless the customer has chosen to have an Electric Generation Supplier bill the customer for the energy and capacity services provided by the Electric Generation Supplier.

(C) Indicates Change

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

3rd REVISED LEAF NO. 34
SUPERSEDING 1st REVISED LEAF NO. 34
2nd REVISED LEAF NO. 34 CANCELED

RULES AND REGULATIONS

10. METERING AND BILLING (Continued)

10.9 BUDGET BILLING: (C)

Residential customers, customers who are a condominium association or a cooperative housing corporation, master metered electrically heated multifamily dwelling units during the time that such unit is either owned by the Federal Department of Housing and Urban Development or subject to a first mortgage held or guaranteed by that agency, any customer taking service under Special Provision B of Service Classification No. 2, and any non-residential customer taking secondary service, unless otherwise prohibited, may elect to pay for service taken in accordance with the following provisions:

- A. The customer will make equal monthly payments during the Budget Year based on the Company's estimate of the customer's total cost for the Budget Year; and
- B. If at the end of the Budget Year, the amount paid by the customer is less than the amount due for actual service rendered:
 - (1) the balance due for residential customers, customers who are a condominium association, cooperative housing corporation, and master metered electrically heated multifamily dwelling units during the time that such units are either owned by the Federal Department of Housing and Urban Development or subject to a first mortgage held or guaranteed by that agency shall be billed and payable by the customer during the next six monthly billing periods; or
 - (2) the balance due for all other customers will be billed in the month ending the budget year and shall be payable by the customer in full at that time.
- C. If at the end of the Budget Year, the amount paid by the customer is greater than the amount due for actual service rendered, the Company shall apply a credit to the customer's account equal to the amount overpaid or, at the customer's request, shall refund an amount equal to the overpayment.

The Budget Year will be the twelve-month period beginning with the billing month the customer initially enrolls in budget billing.

(C) Indicates Change

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

3rd REVISED LEAF NO. 35
SUPERSEDING 1st REVISED LEAF NO. 35
2nd REVISED LEAF NO. 35 CANCELED

RULES AND REGULATIONS

10. METERING AND BILLING (Continued)

10.9 BUDGET BILLING: (Continued) (C)

An Electric Generation Supplier's charges will be included in the customer's budget billing plan if the customer and Electric Generation Supplier so indicate.

The monthly budget payment will normally be adjusted at the end of the Budget Year to reflect any changes in the Company's charges or the customer's usage during the Budget Year. The Company may also adjust the monthly budget payment during the Budget Year should conditions warrant a change.

When a customer elects budget billing for both gas and electric service, the monthly budget payment will be based on the combined cost of providing gas and electric service.

Should a customer fail to make a monthly budget payment when due, the Company shall have the right to cancel the budget billing plan. Upon cancellation any overpayment will be credited to the customer's account and any deficiency shall be due and payable.

10.10 PAYMENT PROCESSING: (C)

The Company must receive and process all payments for amounts reflected on the Company's bill.

If a customer remits a partial payment to the Company, that payment will be posted to the customer's account in the following order:

(C) Indicates Change

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. ___ TO
ELECTRIC PA. P.U.C NO. 8

3rd REVISED LEAF NO. 36
SUPERSEDING 1st REVISED LEAF NO. 36
2nd REVISED LEAF NO. 36 CANCELED

RULES AND REGULATIONS

10. METERING AND BILLING (Continued)

10.10 PAYMENT PROCESSING: (Continued) (C)

1. Outstanding balance before Direct Access or the installment amount for a payment agreement on this balance;
2. Balance due or the installment amount for a payment agreement for the Competitive Transition Charge;
3. Balance due or the installment amount for a payment agreement for Delivery Service and Customer Charges;
4. Current Delivery Service and Customer Charges;
5. Balance due for prior charges for Default Service (if the Company is providing Default Service) or Competitive Energy Supply (if the Company is billing for Electric Generation Supplier charges);
6. Current charges for Default Service (if the Company is providing Default Service) or Competitive Energy Supply (if the Company is billing for Electric Generation Supplier charges);
7. Non-basic service charges.

(C) Indicates Change

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. ____ TO
ELECTRIC PA. P.U.C NO. 8

3rd REVISED LEAF NO. 57
SUPERSEDING 1st REVISED LEAF NO. 57
2nd REVISED LEAF NO. 57 CANCELED

RULES AND REGULATIONS

15. INTERRUPTION AND DISCONTINUANCE OF SERVICE TO RESIDENTIAL CUSTOMERS
(Continued)

15.2 DISCONTINUANCE OF SERVICE (Continued)

(B) Other Premises or Dwellings:

- (1) When a residential customer requests discontinuance: at a dwelling other than his or her residence; or at a single meter multi-family residence, whether or not his or her residence but in either case, only under the following conditions:
 - (a) The residential customer states in writing that the premises are unoccupied and such statement shall be on a form conspicuously bearing notice that information provided by the residential customer will be relied upon by the Pennsylvania Public Utility Commission in administering a system of uniform service standards for public utilities, and that any false statements are punishable criminally; or
 - (b) The occupant(s) affected by proposed cessation inform the Company orally or in writing of their consent to the discontinuation.
- (2) Where the conditions set forth in subsection (1) of this paragraph have not been met, the residential customer will continue to be responsible for payment of bills until the Company terminates service in accordance with Section 13.6(A) of this tariff (relating to general rule).

16. RESTORATION OF SERVICE (C)

16.1 General Provisions

(A) Requirements for Residential Reconnection (C)

When service to a dwelling has been terminated, the Company shall inform the applicant or residential customer where payment can be made to restore service and shall reconnect service after receiving:

- (1) Full payment of any outstanding charges plus a reconnection fee of \$27.00 if the residential customer or applicant has a household income exceeding 300 percent of the Federal Poverty Level or has defaulted on two or more payment agreements. If an applicant or residential customer with household income exceeding 300 percent of the Federal Poverty Level experiences a life event the residential customer or applicant shall be permitted a period of not more than three months to pay the outstanding balance required for reconnection. For purposes of this paragraph, a life event is a job loss that extended beyond nine months, a serious illness that extended beyond nine months, or death of the primary wage earner; or

(C) Indicates Change

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. 46 TO
ELECTRIC PA. P.U.C NO. 8

3rd REVISED LEAF NO. 58
SUPERSEDING 1st REVISED LEAF NO. 58
2nd REVISED LEAF NO. 58 CANCELED

RULES AND REGULATIONS

16. RESTORATION OF SERVICE (C)

16.1 General Provisions (Continued)

(A) Requirements for Residential Reconnection (Continued) (C)

- (2) Full payment of a reconnection charge of \$27.00 and a payment over 12 months of any outstanding charges if the residential customer or applicant has a household income exceeding 150 percent of the Federal Poverty Level but not greater than 300 percent of the Federal Poverty Level; or
- (3) Full payment of a reconnection charge of \$27.00 and a payment over 24 months of any outstanding charges if the residential customer or applicant has a household income not exceeding 150 percent of the Federal Poverty Level; or
- (4) Payment of any outstanding balance or payment of a portion of the outstanding balance if the applicant resided at the premises for which service is being requested during the time that the outstanding balance accrued. The Company may establish that the applicant resided at the premises for which service is requested through the use of mortgage, deed, or lease information or a commercially available credit reporting service or by other methods approved by the Commission.

(B) Requirements for Non-Residential Connection (C)

When service to a non-residential building has been terminated, the Company shall inform the applicant where payment can be made to restore service and shall reconnect service after receiving full payment of any outstanding charges plus a reconnection fee of \$27.00.

(C) Timing of Reconnection (C)

The Company shall restore service, provided that the applicant has met all conditions for the restoration of service, as follows:

- (1) Within 24 hours for erroneous terminations or upon receipt by the Company of a valid medical certification,
- (2) Within 24 hours for termination occurring after November 30 and before April 1,
- (3) Within three days for erroneous terminations requiring street or sidewalk digging,
- (4) Within three days from April 1 to November 30 for proper terminations,
- (5) Within seven days for proper terminations requiring street or sidewalk digging.

(C) Indicates Change

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

PIKE COUNTY LIGHT & POWER COMPANY

1st REVISED LEAF NO. 58A
ORIGINAL LEAF NO. 58A CANCELED

RULES AND REGULATIONS

16. RESTORATION OF SERVICE (Continued) (C)

16.2 PERSONNEL AVAILABLE TO RESTORE SERVICE (C)

The Company shall have adequate personnel available between 9 a.m. and 5 p.m. on each working day, or for a commensurate period of eight consecutive hours, to restore service when required under this Section.

(C) Indicates Change

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

PIKE COUNTY LIGHT & POWER COMPANY

1st REVISED LEAF NO. 74
SUPERSEDING ORIGINAL LEAF NO. 74

RULES AND REGULATIONS

25. SYSTEM BENEFITS CHARGE

A. Provisions for Recovery of System Benefits Charge (C)

Incorporated into the tariff rate schedule for electric service is the applicable non-bypassable System Benefits Charge (SBC) authorized to recover the Company's approved universal service program costs for low income assistance, energy conservation and other public policy programs and applicable Pennsylvania Gross Receipts Tax (PA GRT). The SBC shall only apply to electric service provided under Service Classification No. 1.

B. Reconciliation (C)

The Company shall file an annual reconciliation of the SBC recovery on a rate class specific basis in accordance with Section 1307(e) of the Pennsylvania Public Utility Code by January 31 of each year, with new rates to be effective on April 1 of each year, or at such other times as the Commission may prescribe.

The reconciliation will include a redetermination of the SBC rates necessary to refund or recover previous over or under recoveries based upon actual sales and SBC program costs as well as projected annual costs using forecast sales and demand billing determinants. Any undercollections that could not be recovered as a result of rate cap provisions will be deferred, with interest calculated at the legal rate of interest, and will be recovered in the manner authorized by the PUC. Interest on any over or under collection will be accrued monthly as provided for in Section 1308(d) of Public Utility Code from the month the over or under collection occurs to the effective month such overcollection is refunded or undercollection is recouped. Customers shall not be liable for net interest otherwise due the Company under the calculation. The SBC mechanism is subject to provisions of Sections 1307(a) and 1307(e) of the Public Utility Code and subject to annual audit review by the Commission's Bureau of Audits. The reconciliation will be subject to applicable PA GRT.

(C) Indicates Change

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

PIKE COUNTY LIGHT & POWER COMPANY

17th REVISED LEAF NO. 84
SUPERSEDING 16th REVISED LEAF NO. 84

STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this tariff, except for charges or credits applied under the Income Tax Adjustment, a two part surcharge will be assessed for all service rendered on and after the effective date of this leaf.

Part 1 will include Capital Stock Tax, Corporate Income Tax, Public Utility Realty Tax, Gross Receipts Tax and the STAS Reconciliation, which will be applied to all charges except Default Service Charges. Part 1 is 0.0%. Part 2 will include Gross Receipts Tax, which will be applied to Default Service Charges. Part 2 is a surcharge of 0.00%. (I)

Each part of the State Tax Adjustment Surcharge will be recomputed using the elements prescribed by the Commission whenever the Company experiences a material change in any of the taxes used in calculation of the surcharge. Such recalculation will be submitted to the Commission within 10 days after the occurrence of the event which occasions such recomputation. If the recomputed surcharge is less than the one in effect the utility will, or if the recomputed surcharge is more than the one in effect the utility may, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge. The effective date of such tariff or supplement shall be ten days after filing. Any charges or credits in the surcharge shall be rolled into base rates in the Company's next base rate proceeding.

TAX INDEMNIFICATION

If the Company becomes liable under Section 2806(g) or 2809(c) of the Public Utility Code, 66 Pa. C.S. Section 2806(g) or 2809(f), for Pennsylvania state taxes not paid by an Electric Generation Supplier (EGS), the non-compliant EGS shall indemnify the Company for the amount of additional state tax liability imposed upon the Company by the Pennsylvania Department of Revenue due to the failure of the EGS to pay or remit to the Commonwealth the tax imposed on its gross receipts under Section 1101 of the Tax Report Code of 1971 or Chapter 28 of Title 66.

(I) Indicates Increase

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

SUPPLEMENT NO. ___ TO
ELECTRIC PA. P.U.C NO. 8

PIKE COUNTY LIGHT & POWER COMPANY

22nd REVISED LEAF NO. 85
SUPERSEDING 20th REVISED LEAF NO. 85
21st REVISED LEAF NO. 85 CANCELED

SERVICE CLASSIFICATION NO. 1

APPLICABLE TO USE OF SERVICE FOR:

Residential service, including Space Heating.

CHARACTER OF SERVICE:

Continuous, 60 cycles, A.C., from any one of the following systems as designated by the Company:

- (a) Single phase approximately 120, 120/208 or 120/240 Volts,
- (b) Three phase four wire at approximately 208 Volts in limited areas.

RATE - FOUR PART - MONTHLY:

(1) Customer Charge \$6.25 per month (I)

(2) Energy Charge (¢ per kWh)

	<u>Delivery Charge (I)</u>	<u>System Benefits Charge</u>	
First 1,000 kWh	5.5060	0.0251	(C)
Over 1,000 kWh	4.7579	0.0251	

(3) Default Service Charge

A Default Service Charge, determined in accordance with Section No. 18 of the Rules and Regulations, shall apply to customers taking Default Service from the Company. This charge is not applicable to customers obtaining Competitive Energy Supply.

(4) State Tax Adjustment Surcharge

The State Tax Adjustment Surcharge included in this Tariff is applied to all charges under this Service Classification. Part 1 of The State Tax Adjustment Surcharge applies to all charges except Default Service Charges. Part 2 of the State Tax Adjustment Surcharge applies to Default Service Charges.

- (I) Indicates Increase
- (C) Indicates Change

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

20th REVISED LEAF NO. 86
SUPERSEDING 18th REVISED LEAF NO. 86
19th REVISED LEAF NO. 86 CANCELED

SERVICE CLASSIFICATION NO. 1 (Continued)

MINIMUM CHARGE EACH CONTRACT EACH LOCATION:

\$6.25 monthly, not less than \$37.50 per contract. (I)

TERMS OF PAYMENT:

Bills are due and payable on or before twenty days from date bill is mailed to customer. If bill is not paid within twenty days, service may be discontinued after suitable written notice as outlined in the Rules and Regulations.

TERM:

Terminable at any time unless a specified period is required under a line extension agreement.

EXTENSION OF FACILITIES:

Where service is supplied from an extension the minimum monthly charges thereon shall be determined as provided in the Rules and Regulations.

(I) Indicates Increase

(Continued)

ISSUED:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

EFFECTIVE:

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

2nd REVISED LEAF NO. 87
SUPERSEDING ORIGINAL LEAF NO. 87
1st LEAF NO. 87 CANCELED

SERVICE CLASSIFICATION NO. 1 (Continued)

SPECIAL PROVISIONS:

A. SHORT TERM SERVICE: (C)

Customers desiring service under this Schedule on a short term basis, where service is already installed, shall pay in advance the contract minimum as specified under "Minimum Charge Each Contract Each Location" or under an applicable line extension agreement, or, if the estimated bill for two months or such shorter period as service may be desired exceeds the contract minimum, the Company reserves the right to request a deposit equal to this estimated bill. A part of a month shall be considered a full month for computing all charges hereunder.

B. BUDGET BILLING (OPTIONAL): (C)

Any customer taking service hereunder may, upon request, be billed monthly in accordance with the budget billing plan provided for in Section 10.9 of the Rules and Regulations.

(C) Indicates Change

ISSUED:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

EFFECTIVE:

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

15th REVISED LEAF NO. 88
SUPERSEDING 13th REVISED LEAF NO. 88
14th REVISED LEAF NO. 88 CANCELED

SERVICE CLASSIFICATION NO. 2

APPLICABLE TO USE OF SERVICE FOR:

General Service, secondary or primary. All service at each location shall be taken through one meter.

CHARACTER OF SERVICE:

Continuous, 60 cycles, A.C., single or three phase secondary at approximately 120/208, 120/240 Volts, and 277/480 Volts where available; or single or three phase primary at approximately 2400 Volts Delta where available.

RATE - FIVE PART - MONTHLY:

(1) Customer Charge (\$/month)

	<u>Secondary (I)</u>	<u>Primary (C)(I)</u>
	\$10.00	\$105.00
	Secondary Delivery Charge (I)	Primary Delivery Charge (C)(D)

(2) Demand Charge (\$/kW)

	No Charge	No Charge
First 5 kW		
Over 5 kW	3.20	2.67

(3) Energy Charge (¢ per kWh)

First 100 Hours Use of Billing Demand		
First 300 kWh	5.8141	4.7513
Next 700 kWh	5.3632	4.3828
Over 1,000 kWh.....	4.1596	3.3992
Next 100 Hours Use of Billing Demand	3.6354	2.9709
Over 200 Hours Use of Billing Demand	3.5308	1.9567

- (I) Indicates Increase
- (D) Indicates Decrease
- (C) Indicates Change

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. ___ TO
ELECTRIC PA. P.U.C NO. 8

16th REVISED LEAF NO. 89
SUPERSEDING 14th REVISED LEAF NO. 89
15th REVISED LEAF NO. 89 CANCELED

SERVICE CLASSIFICATION NO. 2 (Continued)

RATE - FIVE PART - MONTHLY: (Continued)

(4) Default Service Charge

A Default Service Charge, determined in accordance with Section No. 18 of the Rules and Regulations, shall apply to customers taking Default Service from the Company. This charge is not applicable to customers obtaining Competitive Energy Supply.

(5) State Tax Adjustment Surcharge

The State Tax Adjustment Surcharge included in this Tariff is applied to all charges under this Service Classification. Part 1 of the State Tax Adjustment Surcharge applies to all charges except Default Service Charges. Part 2 of the State Tax Adjustment Surcharge applies to the Default Service Charges.

MINIMUM MONTHLY CHARGE:

For secondary service, \$10.00 plus the demand charge. For primary service, \$105.00 plus the demand charge.

(I) Indicates Increase

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

20th REVISED LEAF NO. 91
SUPERSEDING 18th REVISED LEAF NO. 91
19th REVISED LEAF NO. 91 CANCELED

SERVICE CLASSIFICATION NO. 2 (Continued)

TERM:

Secondary service is terminable at any time after six months unless a longer period is required under a line extension agreement.

Primary service is terminable at any time after one year upon ninety days written notice. The Company reserves the right to require a longer initial term where special construction is required to furnish the service.

SPECIAL PROVISIONS:

A. SHORT TERM SECONDARY SERVICE:

When short term service is requested, the Company reserves the right to require a deposit of the estimated bill for the period service is desired. The minimum charge for such short term service shall be an amount equal to six times the minimum monthly charge, payable in advance. When construction is necessary, the cost of installation and removal of all equipment, less salvage value, shall be borne by the customer, and a sufficient amount to cover these charges shall be paid in advance. A part of a month shall be considered a full month for computing all charges hereunder.

B. SPACE HEATING:

Customers who take service under this Service Classification for 10 kW or more of permanently installed space heating equipment may elect to have the electricity for this service billed separately. All monthly use will be billed at the following rates:

Delivery Charge 3.8971¢ per kWh (I)

When this option is requested, it shall apply for at least 12 months and shall be subject to a minimum charge of \$60.00 per year per kW of space heating capacity. This rule applies for both heating and cooling where the two services are combined by the manufacturer in a single self-contained unit.

All usage under this Special Provision shall also be subject to Parts (4) and (5) of RATE - FIVE PART - MONTHLY.

(I) Indicates Increase

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

3rd REVISED LEAF NO. 92
SUPERSEDING 1st REVISED LEAF NO. 92
2nd REVISED LEAF NO. 92 CANCELED

SERVICE CLASSIFICATION NO. 2 (Continued)

SPECIAL PROVISIONS: (Continued)

C. BUDGET BILLING (OPTIONAL)

Any HUD financed housing project, condominium association or cooperative housing corporation who takes service hereunder and any customer who takes service under Special Provision B of this Service Classification may, upon request, be billed monthly in accordance with the budget billing plan provided for in Section 10.9 of the Rules and Regulations. (C)

D. OPTIONAL RATE FOR VOLUNTEER FIRE COMPANIES AND NON-PROFIT SENIOR CITIZEN CENTERS

Pursuant to Act 103 of 1985 and Act 203 of 2002, Volunteer Fire Companies and Non-Profit Senior Citizen Centers, and Non-Profit Ambulance Services and Non-Profit Rescue Squads, respectively, may elect to have electric service rendered at the rates and charges included in Service Classification No. 1 of this Tariff under the title "RATE - FOUR - PART MONTHLY". This provision is available upon application and execution of a contract by the Customer for a minimum term of one year.

(C) Indicates Change

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. ___ TO
ELECTRIC PA. P.U.C NO. 8

15th REVISED LEAF NO. 93
SUPERSEDING 13th REVISED LEAF NO. 93
14th REVISED LEAF NO. 93 CANCELED

SERVICE CLASSIFICATION NO. 3

APPLICABLE TO USE OF SERVICE FOR:

Municipal Street Lighting, where the Company furnishes all equipment, except as provided for below, and maintains and operates the system.

CHARACTER OF SERVICE - MULTIPLE:

Continuous, alternating current, 60 cycles, 120 Volts, single phase. Units will be photoelectrically controlled and operate approximately 4100 hours per year, and mounted on wood poles for Overhead Services.

RATE - THREE PART - MONTHLY:

(1) Luminaire Charge (\$/month)

<u>Nominal Lumens</u>	<u>Luminaire Type</u>	<u>Nominal Wattage</u>	<u>Total Wattage</u>	<u>Delivery Charge (I)</u>
<u>Street Lighting Luminaries</u>				
5,800	Sodium Vapor	70	108	\$ 13.15
9,500	Sodium Vapor	100	142	14.41
16,000	Sodium Vapor	150	199	16.36
27,500	Sodium Vapor	250	311	20.98
46,000	Sodium Vapor	400	488	27.63
<u>Flood Lighting Luminaires</u>				
27,500	Sodium Vapor	250	311	22.26
46,000	Sodium Vapor	400	488	28.28

The following luminaires will no longer be installed. Charges are for existing installations only:

4,000	Mercury Vapor	100	127	9.38
7,900	Mercury Vapor	175	211	11.73
12,000	Mercury Vapor	250	296	15.72
22,500	Mercury Vapor	400	459	20.98
1,000*	Incandescent	92	92	6.81
2,500*	Incandescent	189	189	9.93

* Indicates those luminaires that no longer will be repaired.
See Special Provision B.

(I) Indicates Increase

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

14th REVISED LEAF NO. 94
SUPERSEDING 12th REVISED LEAF NO. 94
13th REVISED LEAF NO. 94 CANCELED

SERVICE CLASSIFICATION NO. 3

RATE - THREE PART - MONTHLY: (Continued)

(1) Luminaire Charge (\$/month) (Continued)

Types of Service and Additional Charges:

1. Overhead Service - Pole Mounted, 8' Upsweep 1-1/4" and 2"
Aluminum Brackets for side mounted Units. For 15' Upsweep Brackets
add \$4.92 per year. (I)
2. Underground Service - Aluminum Standards, where the Company owns and
maintains the underground duct system, with a 120' maximum distance
between light centers installed on one side of street, the above
prices are increased by \$187.56 per year. Where a customer owns and
maintains an underground duct system, including the cable, which is
adequate in the opinion of the Company's engineers, the above prices
are increased by \$45.36 per year. (I)

(2) Default Service Charge

A Default Service Charge, determined in accordance with Section No.
18 of the Rules and Regulations, shall apply to customers taking
Default Service from the Company. This charge is not applicable to
customers obtaining Competitive Energy Supply.

The Default Service Charge shall apply to the kWh estimated in the
following manner:

kWh = (Total Wattage ÷ 1,000) Times Monthly Burn Hours*

* See Monthly Burn Hours Table.

(I) Indicates Increase

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

18th REVISED LEAF NO. 99
SUPERSEDING 16th REVISED LEAF NO. 99
17th REVISED LEAF NO. 99 CANCELED

SERVICE CLASSIFICATION NO. 4

APPLICABLE TO USE OF SERVICE FOR:

Private overhead street, yard or flood Mercury Vapor and Sodium Vapor lighting.

CHARACTER OF SERVICE - MULTIPLE:

Continuous, 60 cycles, A. C., 120 Volts, single phase. Units will be photoelectrically controlled and operate approximately 4100 hours per year.

RATE - THREE PART - MONTHLY

(1) Luminaire Charge (\$/month)

<u>Lumens</u>	<u>Nominal Wattage</u>	<u>Total Wattage</u>	<u>Delivery Charge</u> (I)
<u>Mercury Vapor</u>			
Open Bottom Luminaires			
4,000	100	127	\$ 8.37
7,900	175	215	10.31
Closed Bottom Luminaires			
4,000	100	127	9.33
7,900	175	211	11.30
Closed Bottom Luminaires and Floodlighting			
12,000	250	296	14.72
22,500	400	459	19.13
59,000	1,000	1,105	38.00
<u>Sodium Vapor</u>			
46,000	400	488	23.19

(2) Default Service Charge

A Default Service Charge, determined in accordance with Section No. 18 of the Rules and Regulations, shall apply to customers taking Default Service from the Company. This charge is not applicable to customers obtaining Competitive Energy Supply.

The Default Service Charge shall apply to the kWh estimated in the following manner:

$$\text{kWh} = (\text{Total Wattage} + 1,000) \text{ Times Monthly Burn Hours}^*$$

* See Monthly Burn Hours Table.

(I) Indicates Increase

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

SUPPLEMENT NO. TO
ELECTRIC PA. P.U.C NO. 8

2nd REVISED LEAF NO. 101
SUPERSEDING ORIGINAL LEAF NO. 101
1st LEAF NO. 101 CANCELED

SERVICE CLASSIFICATION NO. 4 (Continued)

TERM:

Contracts are made for an initial period of one year and continue in force thereafter, until terminated by seven days' written notice.

SPECIAL PROVISIONS:

- A. Complete lighting units, installed according to Company standards, will be pole mounted for private road, yard or flood lighting service at the monthly charge per lamp hereinabove set forth. The Company will construct any required extension of service on private property and the customer shall reimburse the Company for the actual cost of such construction. The Company will furnish and install the complete lighting unit, make the necessary lamp renewals, and maintain the installation.
- B. Short Term Service will be furnished only upon prepayment of the cost of installation and removal of equipment, less salvage value. For Recurring Seasonal Service the charges for the 12 months' period are due and payable in advance each year on the anniversary date of the contract.
- C. Service for existing incandescent 92 Watt units will be billed at a monthly charge of \$6.75 until the contract is terminated by mutual agreement. (I)
- D. Fifteen foot brackets are available at an additional cost of \$4.92 per year. (I)

(I) Indicates Increase

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

APPENDIX "B"

PIKE COUNTY LIGHT AND POWER COMPANY

Proof of Revenues

Determination of Delivery Revenue Requirement

a. Incremental Revenue Requirement for Rate Year Including Gross Receipts Tax	\$855,000
b. Plus: Transfer of STAS Recovery to Base Rates	(\$2,291)
c. Incremental Revenue Requirement for Rate Year (a + b)	\$852,709

Allocation of Delivery Revenue Requirement

<u>Class</u>	<u>Delivery Revenue Requirement @ Rate Year</u>	<u>Revenue Ratios</u>	<u>Delivery Revenue Requirement @ Historic Year</u>
SC1	525,808	0.988269	519,640
SC2 Secondary	301,305	0.998433	300,833
SC2 Primary	(350)	0.996568	(349)
SC3	15,567	0.898668	13,990
SC4	<u>10,378</u>	0.842856	<u>8,747</u>
Total	852,708		842,861

Notes:

1. Rate Year is the twelve months ending March 31, 2009
 Historic Year is the twelve months ended March 31, 2008

PIKE COUNTY LIGHT AND POWER COMPANY

Proof of Revenues

Service Classification No. 1

Current Rates

<u>Blocking</u>	<u>Bill Units At Historic Year</u>	<u>Current Rates (\$)</u>	<u>Revenue At Historic Year (\$)</u>	<u>Revenue Ratio</u>	<u>Revenue At Rate Year (\$)</u>
Annual Bills	42,861.4	5.29	226,737	0.988269	229,428
First 1,000 kWh	21,771,834	0.038143	830,443	0.988269	840,301
Over 1,000 kWh	4,982,340	0.032960	164,218	0.988269	166,167
Water Heating	<u>1,689,471</u>	0.032960	<u>55,685</u>	0.988269	<u>56,346</u>
Total	28,443,645		1,277,083		1,292,242

Proposed Rates

<u>Blocking</u>	<u>Bill Units At Historic Year</u>	<u>Proposed Rates (\$)</u>	<u>Revenue At Historic Year (\$)</u>	<u>Revenue Ratio</u>	<u>Revenue At Rate Year (\$)</u>
Annual Bills	<u>42,861.4</u>	6.25	267,884	0.988269	271,064
First 1,000 kWh	21,771,834	0.055060	1,198,757	0.988269	1,212,987
Over 1,000 kWh	4,982,340	0.047579	237,055	0.988269	239,869
Water Heating	<u>1,689,471</u>	0.055060	<u>93,022</u>	0.988269	<u>94,126</u>
Total	28,443,645		1,796,718		1,818,045

Revenue Summary

	<u>At Historic Year (\$)</u>	<u>At Rate Year (\$)</u>
Revenue at Current Rates	\$1,277,083	\$1,292,242
Revenue at Proposed Rates	<u>\$1,796,718</u>	<u>\$1,818,045</u>
Increase	\$519,635	\$525,803
Target Increase	<u>\$519,640</u>	<u>\$525,808</u>
Difference	\$5	\$5

PIKE COUNTY LIGHT AND POWER COMPANY

Proof of Revenues

Service Classification No. 2 Secondary

<u>Blocking</u>	<u>Current Rates</u>				
	<u>Bill Units At Historic Year</u>	<u>Current Rates (\$)</u>	<u>Revenue At Historic Year (\$)</u>	<u>Revenue Ratio</u>	<u>Revenue At Rate Year (\$)</u>
Annual Bills	10,725.9	5.30	56,847	0.998433	56,936
Demand:					
First 5 kW	31,439.8	No Charge	0	0.998433	0
Over 5 kW	74,148.8	2.67	197,977	0.998433	198,288
First 100 Hrs. Use					
First 300 kWh	2,561,175	0.048460	124,115	0.998433	124,309
Next 700 kWh	2,562,110	0.044702	114,531	0.998433	114,711
Over 1,000 kWh	5,506,855	0.034670	190,923	0.998433	191,222
Next 100 Hrs. Use	8,408,591	0.030301	254,789	0.998433	255,189
Over 200 Hrs. Use	12,129,211	0.029429	356,951	0.998433	357,511
Space Heating	<u>438,565</u>	0.032482	<u>14,245</u>	0.998433	<u>14,268</u>
Total	31,606,507		1,310,378		1,312,435

<u>Blocking</u>	<u>Proposed Rates</u>				
	<u>Bill Units At Historic Year</u>	<u>Proposed Rates (\$)</u>	<u>Revenue At Historic Year (\$)</u>	<u>Revenue Ratio</u>	<u>Revenue At Rate Year (\$)</u>
Annual Bills	10,725.9	10.00	107,259	0.998433	107,427
Demand:					
First 5 kW	31,439.8	No Charge	0	0.998433	0
Over 5 kW	74,148.8	3.20	237,276	0.998433	237,649
First 100 Hrs. Use					
First 300 kWh	2,561,175	0.058141	148,909	0.998433	149,143
Next 700 kWh	2,562,110	0.053632	137,411	0.998433	137,627
Over 1,000 kWh	5,506,855	0.041596	229,063	0.998433	229,423
Next 100 Hrs. Use	8,408,591	0.036354	305,686	0.998433	306,166
Over 200 Hrs. Use	12,129,211	0.035308	428,258	0.998433	428,930
Space Heating	<u>438,565</u>	0.038971	<u>17,091</u>	0.998433	<u>17,118</u>
Total	31,606,507		1,610,954		1,613,482

Revenue Summary

	<u>At Historic Year (\$)</u>	<u>At Rate Year (\$)</u>
Revenue at Current Rates	\$1,310,378	\$1,312,435
Revenue at Proposed Rates	<u>\$1,610,954</u>	<u>\$1,613,482</u>
Increase	\$300,576	\$301,048
Target Increase	<u>\$300,833</u>	<u>\$301,305</u>
Difference	\$257	\$257

PIKE COUNTY LIGHT AND POWER COMPANY

Proof of Revenues

Service Classification No. 2 Primary

Current Rates

<u>Blocking</u>	<u>Bill Units At Historic Year</u>	<u>Current Rates (\$)</u>	<u>Revenue At Historic Year (\$)</u>	<u>Revenue Ratio</u>	<u>Revenue At Rate Year (\$)</u>
Annual Bills	72.0	5.30	382	0.996568	383
Demand:					
First 5 kW	360.0	No Charge	0	0.996568	0
Over 5 kW	32,938.3	2.67	87,945	0.996568	88,248
First 100 Hrs. Use					
First 300 kWh	21,600	0.048460	1,047	0.996568	1,050
Next 700 kWh	50,400	0.044702	2,253	0.996568	2,261
Over 1,000 kWh	3,257,830	0.034670	112,949	0.996568	113,338
Next 100 Hrs. Use	3,329,830	0.030301	100,897	0.996568	101,245
Over 200 Hrs. Use	<u>8,414,300</u>	0.019957	<u>167,924</u>	0.996568	<u>168,502</u>
Total	15,073,960		473,397		475,027

Proposed Rates

<u>Blocking</u>	<u>Bill Units At Historic Year</u>	<u>Proposed Rates (\$)</u>	<u>Revenue At Historic Year (\$)</u>	<u>Revenue Ratio</u>	<u>Revenue At Rate Year (\$)</u>
Annual Bills	72.0	105.00	7,560	0.996568	7,586
Demand:					
First 5 kW	360.0	No Charge	0	0.996568	0
Over 5 kW	32,938.3	2.67	87,945	0.996568	88,248
First 100 Hrs. Use					
First 300 kWh	21,600	0.047513	1,026	0.996568	1,030
Next 700 kWh	50,400	0.043828	2,209	0.996568	2,217
Over 1,000 kWh	3,257,830	0.033992	110,740	0.996568	111,122
Next 100 Hrs. Use	3,329,830	0.029709	98,926	0.996568	99,267
Over 200 Hrs. Use	<u>8,414,300</u>	0.019567	<u>164,643</u>	0.996568	<u>165,210</u>
Total	15,073,960		473,049		474,678

Revenue Summary

	<u>At Historic Year (\$)</u>	<u>At Rate Year (\$)</u>
Revenue at Current Rates	\$473,397	\$475,027
Revenue at Proposed Rates	<u>\$473,049</u>	<u>\$474,678</u>
Increase	(\$348)	(\$349)
Target Increase	<u>(\$349)</u>	<u>(\$350)</u>
Difference	(\$1)	(\$1)

PIKE COUNTY LIGHT AND POWER COMPANY

Proof of Revenues

Service Classification No. 3

Current Rates

<u>Lumen Type</u>	<u>Monthly Lights At Historic Year</u>	<u>Current Rates (\$)</u>	<u>Revenue At Historic Year (\$)</u>	<u>Revenue Ratio</u>	<u>Revenue At Rate Year (\$)</u>
Street Lighting Luminaries:					
5,800 S.V.	137	9.35	1,281	0.898668	1,425
9,500 S.V.	28	10.24	287	0.898668	319
16,000 S.V.	0	11.63	0	0.898668	0
27,500 S.V.	0	14.91	0	0.898668	0
46,000 S.V.	1	19.64	20	0.898668	22
Flood Lighting Luminaries:					
27,500 S.V.	2	15.82	32	0.898668	35
46,000 S.V.	0	20.10	0	0.898668	0
Obsolete Lumenaires:					
4,000 M.V.	7	6.67	47	0.898668	52
7,900 M.V.	120	8.34	1,001	0.898668	1,114
12,000 M.V.	1	11.17	11	0.898668	12
22,500 M.V.	4	14.91	60	0.898668	66
1,000 Incandescent	26	4.84	126	0.898668	140
2,500 Incandescent	0	7.06	0	0.898668	0
15 Foot Brackets	6	0.29	2	0.898668	2
Underground SVC Company Owned	0	11.11	0	0.898668	0
Underground SVC Customer Owned	0	2.69	0	0.898668	0
Total	332		2,865		3,188
Annual Revenue			34,378		38,254

PIKE COUNTY LIGHT AND POWER COMPANY

Proof of Revenues

Service Classification No. 3
 (Continued)

Proposed Rates

<u>Lumen Type</u>	<u>Monthly Lights At Historic Year</u>	<u>Current Rates (\$)</u>	<u>Revenue At Historic Year (\$)</u>	<u>Revenue Ratio</u>	<u>Revenue At Rate Year (\$)</u>
Street Lighting Luminaries:					
5,800 S.V.	137	13.15	1,802	0.898668	2,005
9,500 S.V.	28	14.41	403	0.898668	449
16,000 S.V.	0	16.36	0	0.898668	0
27,500 S.V.	0	20.98	0	0.898668	0
46,000 S.V.	1	27.63	28	0.898668	31
Flood Lighting Luminaries:					
27,500 S.V.	2	22.26	45	0.898668	50
46,000 S.V.	0	28.28	0	0.898668	0
Obsolete Luminaires:					
4,000 M.V.	7	9.38	66	0.898668	73
7,900 M.V.	120	11.73	1,408	0.898668	1,566
12,000 M.V.	1	15.72	16	0.898668	17
22,500 M.V.	4	20.98	84	0.898668	93
1,000 Incandescent	26	6.81	177	0.898668	197
2,500 Incandescent	0	9.93	0	0.898668	0
15 Foot Brackets	6	0.41	2	0.898668	3
Underground SVC Company Owned	0	15.63	0	0.898668	0
Underground SVC Customer Owned	0	3.78	0	0.898668	0
Total	332		4,030		4,484
Annual Revenue			48,355		53,808

Revenue Summary

	<u>At Historic Year (\$)</u>	<u>At Rate Year (\$)</u>
Revenue at Current Rates	\$34,378	\$38,254
Revenue at Proposed Rates	<u>\$48,355</u>	<u>\$53,808</u>
Increase	\$13,977	\$15,553
Target Increase	<u>\$13,990</u>	<u>\$15,567</u>
Difference	\$13	\$14

PIKE COUNTY LIGHT AND POWER COMPANY

Proof of Revenues

Service Classification No. 4

Current Rates

<u>Lumen Type</u>	<u>Monthly Lights At Historic Year</u>	<u>Current Rates (\$)</u>	<u>Revenue At Historic Year (\$)</u>	<u>Revenue Ratio</u>	<u>Revenue At Rate Year (\$)</u>
Open Bottom Lumenaires:					
4,000 M.V.	8	5.95	48	0.842856	56
7,900 M.V.	23	7.33	169	0.842856	200
Closed Bottom Lumenaries:					
4,000 M.V.	8	6.63	53	0.842856	63
7,900 M.V.	25	8.03	201	0.842856	238
Blosed Bottom and Floodlighting:					
12,000 M.V.	8	10.46	84	0.842856	99
22,500 M.V.	30	13.60	401	0.842856	476
59,000 M.V.	1	27.01	27	0.842856	32
46,000 S.V.	49	16.48	808	0.842856	958
15 Foot Brackets	7	0.29	2	0.842856	2
92 Watt Incandescent	0	4.80	0	0.842856	0
Total	159		1,791	0.842856	2,125
Annual Revenue			21,497		25,505

PIKE COUNTY LIGHT AND POWER COMPANY

Proof of Revenues

Service Classification No. 4
 (Continued)

Proposed Rates

<u>Lumen Type</u>	<u>Monthly Lights At Historic Year</u>	<u>Current Rates (\$)</u>	<u>Revenue At Historic Year (\$)</u>	<u>Revenue Ratio</u>	<u>Revenue At Rate Year (\$)</u>
Open Bottom Lumenaires:					
4,000 M.V.	8	8.37	67	0.842856	79
7,900 M.V.	23	10.31	237	0.842856	281
Closed Bottom Lumenaires:					
4,000 M.V.	8	9.33	75	0.842856	89
7,900 M.V.	25	11.30	283	0.842856	335
Blosed Bottom and Floodlighting:					
12,000 M.V.	8	14.72	118	0.842856	140
22,500 M.V.	30	19.13	564	0.842856	670
59,000 M.V.	1	38.00	38	0.842856	45
46,000 S.V.	49	23.19	1,136	0.842856	1,348
15 Foot Brackets	7	0.41	3	0.842856	3
92 Watt Incandescent	0	6.75	0	0.842856	0
Total	159		2,521	0.842856	2,990
Annual Revenue			30,246		35,885

Revenue Summary

	<u>At Historic Year (\$)</u>	<u>At Rate Year (\$)</u>
Revenue at Current Rates	\$21,497	\$25,505
Revenue at Proposed Rates	<u>\$30,246</u>	<u>\$35,885</u>
Increase	\$8,749	\$10,380
Target Increase	<u>\$8,747</u>	<u>\$10,378</u>
Difference	(\$2)	(\$2)

PIKE COUNTY LIGHT AND POWER COMPANY

**Proof of Revenues
 Summary**

Historic Year (12 months ended March 31, 2008)

	(1)	(2)	(3) = (2) - (1)	(4)	(5) = (4) - (3)
<u>Class</u>	<u>Revenue @ Current Rates</u>	<u>Revenue @ Proposed Rates</u>	<u>Incremental Revenue</u>	<u>Target Incremental Revenue*</u>	<u>Difference</u>
SC1	\$1,277,083	\$1,796,718	\$519,635	\$519,640	\$5
SC2 Secondary	1,310,378	1,610,954	300,576	300,833	257
SC2 Primary	473,397	473,049	(348)	(349)	(1)
SC3	34,378	48,355	13,977	13,990	13
SC4	<u>21,497</u>	<u>30,246</u>	<u>8,749</u>	<u>8,747</u>	<u>(2)</u>
Total	\$3,116,733	\$3,959,322	\$842,590	\$842,861	\$271

Rate Year (12 months ended March 31, 2009)

	(1)	(2)	(3) = (2) - (1)	(4)	(5) = (4) - (3)
<u>Class</u>	<u>Revenue @ Current Rates</u>	<u>Revenue @ Proposed Rates</u>	<u>Incremental Revenue</u>	<u>Target Incremental Revenue*</u>	<u>Difference</u>
SC1	\$1,292,242	\$1,818,045	\$525,803	\$525,808	\$5
SC2 Secondary	1,312,435	1,613,482	301,048	301,305	257
SC2 Primary	475,027	474,678	(349)	(350)	(1)
SC3	38,254	53,808	15,553	15,567	14
SC4	<u>25,505</u>	<u>35,885</u>	<u>10,380</u>	<u>10,378</u>	<u>(2)</u>
Total	\$3,143,463	\$3,995,899	\$852,436	\$852,708	\$272

PIKE COUNTY LIGHT AND POWER COMPANY

Impact of Proposed Rate Change on Total Billed Revenue
 For the 12 Months Ending March 31, 2009

Service Class	Type of Service	Annual Bills	Total Sales (kWh)	Total Revenue* at:		Increase:	
				Present Rates (\$000)	Proposed Rates (\$000)	Rev Change (\$000)	Percent Change
1	Residential Service	43,268	28,783,000	4,723.7	5,250.5	526.8	11.2%
2	General Secondary Service	10,887	31,889,000	5,114.3	5,416.5	302.2	5.9%
2	General Primary Service	84	14,995,000	2,262.8	2,262.8	0.0	0.0%
3	Municipal Street Lighting	60	208,000	63.0	78.6	15.6	24.8%
4	Private Area Lighting	<u>1,248</u>	<u>214,000</u>	<u>51.0</u>	<u>61.4</u>	<u>10.4</u>	<u>20.4%</u>
Total		55,547	76,089,000	12,214.8	13,069.8	855.0	7.0%

* For comparison purposes, an estimated electric supply charge for retail access customers has been included in total revenues.

Does not include the impacts associated with changes in the SBC

PIKE COUNTY LIGHT AND POWER COMPANY

Present and Proposed Rates (In Brief)

<u>Present SC1</u>		<u>Proposed SC1</u>	
Customer Charge	\$5.29	Customer Charge	\$6.25
First 1,000 kWh	3.8143 ¢/kWh	First 1,000 kWh	5.5060 ¢/kWh
Over 1,000 kWh	3.2960 ¢/kWh	Over 1,000 kWh	4.7579 ¢/kWh
Plus: SBC(1)	0.0251 ¢/kWh	Plus: SBC(1)	0.0251 ¢/kWh
Plus: STAS - Part 1	-0.07%	Plus: STAS - Part 1	0.00%
Plus: Default Service Variable(2) ¢/kWh		Plus: Default Service Variable(2) ¢/kWh	
Plus: STAS - Part 2	0.00%	Plus: STAS - Part 2	0.00%
Minimum Charge:		Minimum Charge:	
\$ 5.29 per month		\$ 6.25 per month	

(1) Does not include the impacts associated with changes in the SBC

(2) Applies to customers, who do not procure their electric supply requirements from an Electric Generation Supplier.

PIKE COUNTY LIGHT AND POWER COMPANY

Present and Proposed Rates (In Brief)

<u>Present SC2 - Secondary</u>		<u>Proposed SC2 - Secondary</u>	
Customer Charge	\$5.30	Customer Charge	\$10.00
First 5 kW	\$0.00 /kW	First 5 kW	\$0.00 /kW
Over 5 kW	\$2.67 /kW	Over 5 kW	\$3.20 /kW
First 100 HU		First 100 HU	
First 300 kWh	4.8460 ¢/kWh	First 300 kWh	5.8141 ¢/kWh
Next 700 kWh	4.4702 ¢/kWh	Next 700 kWh	5.3632 ¢/kWh
Over 1,000 kWh	3.4670 ¢/kWh	Over 1,000 kWh	4.1596 ¢/kWh
Next 100 HU	3.0301 ¢/kWh	Next 100 HU	3.6354 ¢/kWh
Over 200 HU	2.9429 ¢/kWh	Over 200 HU	3.5308 ¢/kWh
Separately Metered Space Heating:		Separately Metered Space Heating:	
All kWh	3.2482 ¢/kWh	All kWh	3.8971 ¢/kWh
Plus: SBC	0.0251 ¢/kWh	Plus: SBC	Not Applicable
Plus: STAS - Part 1	-0.07%	Plus: STAS - Part 1	0.00%
Plus: Default Service Variable(1)		Plus: Default Service Variable(1)	
Plus: STAS - Part 2	0.00%	Plus: STAS - Part 2	0.00%
Minimum Charge:		Minimum Charge:	
\$ 5.30 per month		\$ 10.00 per month	

(1) Applies to customers, who do not procure their electric supply requirements from an Electric Generation Supplier.

PIKE COUNTY LIGHT AND POWER COMPANY

Present and Proposed Rates (In Brief)

<u>Present SC2 - Primary</u>		<u>Proposed SC2 - Primary</u>	
Customer Charge	\$5.30	Customer Charge	\$105.00
First 5 kW	\$0.00 /kW	First 5 kW	\$0.00 /kW
Over 5 kW	\$2.67 /kW	Over 5 kW	\$2.67 /kW
First 100 HU		First 100 HU	
First 300 kWh	4.8460 ¢/kWh	First 300 kWh	4.7513 ¢/kWh
Next 700 kWh	4.4702 ¢/kWh	Next 700 kWh	4.3828 ¢/kWh
Over 1,000 kWh	3.4670 ¢/kWh	Over 1,000 kWh	3.3992 ¢/kWh
Next 100 HU	3.0301 ¢/kWh	Next 100 HU	2.9709 ¢/kWh
Over 200 HU	1.9957 ¢/kWh	Over 200 HU	1.9567 ¢/kWh
Plus: SBC	0.0251 ¢/kWh	Plus: SBC	Not Applicable
Plus: STAS - Part 1	-0.07%	Plus: STAS - Part 1	0.00%
Plus: Default Service	Variable(1)	Plus: Default Service	Variable(1)
Plus: STAS - Part 2	0.00%	Plus: STAS - Part 2	0.00%
Minimum Charge:		Minimum Charge:	
\$ 5.30 per month		\$ 105.00 per month	

(1) Applies to customers, who do not procure their electric supply requirements from an Electric Generation Supplier.

PIKE COUNTY LIGHT AND POWER COMPANY

Present and Proposed Rates (In Brief)

<u>Present SC3</u> <u>(Municipal Street Lighting - Monthly)</u>			<u>Proposed SC3</u> <u>(Municipal Street Lighting - Monthly)</u>		
<u>Lumens</u>	<u>Luminaire Type</u>	<u>Charge</u>	<u>Lumens</u>	<u>Luminaire Type</u>	<u>Charge</u>
Street Lighting Luminaries:			Street Lighting Luminaries:		
5,800	Sodium Vapor	\$9.35	5800	Sodium Vapor	\$13.15
9,500	Sodium Vapor	10.24	9500	Sodium Vapor	14.41
16,000	Sodium Vapor	11.63	16000	Sodium Vapor	16.36
27,500	Sodium Vapor	14.91	27500	Sodium Vapor	20.98
46,000	Sodium Vapor	19.64	46000	Sodium Vapor	27.63
Flood Lighting Luminaries:			Flood Lighting Luminaries:		
27,500	Sodium Vapor	15.82	27500	Sodium Vapor	22.26
46,000	Sodium Vapor	20.10	46000	Sodium Vapor	28.28
Obsolete Luminaries*:			Obsolete Luminaries*:		
4,000	Mercury Vapor	6.67	4000	Mercury Vapor	9.38
7,900	Mercury Vapor	8.34	7900	Mercury Vapor	11.73
12,000	Mercury Vapor	11.17	12000	Mercury Vapor	15.72
22,500	Mercury Vapor	14.91	22500	Mercury Vapor	20.98
1,000	Incandescent	4.84	1000	Incandescent	6.81
2,500	Incandescent	7.06	2500	Incandescent	9.93
Fifteen Foot Brackets		0.29	Fifteen Foot Brackets		0.41
Underground Service:			Underground Service:		
Company Owned		11.11	Company Owned		15.63
Company Owned		2.69	Company Owned		3.78
* These luminaries will no longer be replaced.			* These luminaries will no longer be replaced.		
Plus: SBC		0.0251 ¢	Plus: SBC		Not Applicable
Plus: STAS - Part 1		-0.07%	Plus: STAS - Part 1		0.00%
Plus: Default Service		Variable(1)	Plus: Default Service		Variable(1)
Plus: STAS - Part 2		0.00%	Plus: STAS - Part 2		0.00%
Minimum Charge:			Minimum Charge:		
Applicable Luminaire Charges times sixty months			Applicable Luminaire Charges times sixty months		

(1) Applies to customers, who do not procure their electric supply requirements from an Electric Generation Supplier.

PIKE COUNTY LIGHT AND POWER COMPANY

Present and Proposed Rates (In Brief)

<u>Present SC4 (Private Area Lighting - Monthly)</u>			<u>Proposed SC4 (Private Area Lighting - Monthly)</u>		
<u>Lumens</u>	<u>Luminaire Type</u>	<u>Charge</u>	<u>Lumens</u>	<u>Luminaire Type</u>	<u>Charge</u>
Open Bottom Luminaries:			Open Bottom Luminaries:		
4,000 M.V.	Mercury Vapor	\$5.95	4,000 M.V.	Mercury Vapor	\$8.37
7,900 M.V.	Mercury Vapor	7.33	7,900 M.V.	Mercury Vapor	10.31
Closed Bottom Luminaries:			Closed Bottom Luminaries:		
4,000 M.V.	Mercury Vapor	6.63	4,000 M.V.	Mercury Vapor	9.33
7,900 M.V.	Mercury Vapor	8.03	7,900 M.V.	Mercury Vapor	11.30
Closed Bottom and Floodlighting:			Closed Bottom and Floodlighting:		
12,000 M.V.	Mercury Vapor	10.46	12,000 M.V.	Mercury Vapor	14.72
22,500 M.V.	Mercury Vapor	13.60	22,500 M.V.	Mercury Vapor	19.13
59,000 M.V.	Mercury Vapor	27.01	59,000 M.V.	Mercury Vapor	38.00
46,000 S.V.	Sodium Vapor	16.48	46,000 S.V.	Sodium Vapor	23.19
Fifteen Foot Brackets		0.29	Fifteen Foot Brackets		0.41
92 Watt Incandescent		4.80	92 Watt Incandescent		6.75
Plus: SBC		0.0251 ¢	Plus: SBC		Not Applicable
Plus: STAS - Part 1		-0.07%	Plus: STAS - Part 1		0.00%
Plus: Default Service		Variable(1)	Plus: Default Service		Variable(1)
Plus: STAS - Part 2		0.00%	Plus: STAS - Part 2		0.00%
Minimum Charge:			Minimum Charge:		
Applicable Luminaire Charges times sixty months			Applicable Luminaire Charges times sixty months		

(1) Applies to customers, who do not procure their electric supply requirements from an Electric Generation Supplier.

APPENDIX “C”

PCL&P DIRECT INSTALL WEATHERIZATION PROGRAM**PROGRAM TYPE: ENERGY AUDIT/DIRECT INSTALL****ELIGIBLE CUSTOMERS: LIHEAP CUSTOMERS****ELIGIBLE MEASURES: CFLS, WEATHERIZATION MEASURES, APPLIANCES****PROGRAM DESCRIPTION**

The PCL&P Direct Install Weatherization Program ("Program") is designed to provide customers eligible for the Low-Income Home Energy Assistance Program ("LIHEAP") with energy efficiency measures at no cost to such customers. Participants will be provided with an energy assessment of their home and direct installation of cost effective energy savings measures. Over a three-year period, PCL&P will provide approximately \$1,000 per household to install the recommended measures that may include: CFLs, weather stripping, caulking, low flow water control devices, insulated wrapping for water pipes, water heaters and furnaces, window and door replacement, appliance replacement including refrigerators and air conditioning units, and other reasonable and industry standard measures needed to practice energy efficiency in the home. Eligible homes will be evaluated on an individual basis to determine which measures are most suitable for their needs. In addition, PCL&P will provide energy education information to help participants manage their home energy use more effectively.

PROGRAM OBJECTIVE

The Program will assist low-income customers to manage their energy needs by installing recommended cost effective energy efficiency measures and educating them about energy efficient behaviors they can adopt. By installing these measures free of charge, PCL&P will remove an apparent market barrier for low-income customers and enable them to participate in energy savings' actions.

IMPLEMENTATION PLAN

Upon approval by the Pennsylvania Public Utility Commission, PCL&P will initiate an aggressive marketing program to the targeted low-income customers. Letters describing the benefits of participating in the Program will be sent to all LIHEAP eligible customers. In addition, PCL&P's new customer publication, @Your Service, will feature articles about the Program. The Program will be funded at \$105,000 and operate for three years on a first-come, first-served basis. PCL&P will hire a contractor to perform home evaluations and provide the direct install measures.

EVALUATION PLAN

Customer satisfaction will be measured by means of a customer survey form that will be circulated after completion of direct install measures at each home. Results may be used to modify and improve the Program. A minimum of 10% of randomly selected participants will be subject to verification and inspection by PCL&P.

PARTICIPATION AND BUDGET

PARTICIPANT GOAL	90
BUDGET:	
ADMINISTRATION	9,000
MARKETING	5,000
IMPLEMENTATION	90,000
EVALUATION	1,000
TOTAL BUDGET:	\$105,000

APPENDIX “D”

**BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

v.

Docket No. R-2008-2046518

Pike County Light & Power Company
(Electric Rate Case)

**STATEMENT ON BEHALF OF
PIKE COUNTY LIGHT & POWER COMPANY
IN SUPPORT OF JOINT PETITION FOR
SETTLEMENT OF RATE INVESTIGATION**

I. INTRODUCTION

Pike County Light & Power Company ("Pike" or "Company"), respectfully submits this Statement In Support of the Joint Petition for Settlement of Rate Investigation ("Petition for Settlement"), with the Office of Trial Staff ("OTS"), the Office of Consumer Advocate ("OCA"), and the Office of Small Business Advocate ("OSBA"), collectively referred to as "Joint Petitioners." The Petition for Settlement, if approved without modification, will permit Pike to establish rates for its customers which are designed to produce an overall increase in annual operating revenues of approximately \$ 855,000, in lieu of the additional \$ 1.2 million in revenues originally requested by Pike. Under the Petition for Settlement, Pike's present revenue levels of approximately \$ 12,214,800 will increase to an overall total revenue level of \$ 13,069,800, representing an increase of approximately 7%.

The Settlement was achieved after extensive scrutiny of Pike's filing (and data in support thereof) and analysis of voluminous interrogatories and informal data requests answered by Pike. Although the parties did not participate in the Commission-sponsored formal mediation process,

the Joint Petitioners met and engaged in meaningful settlement discussions to seek an amicable resolution of the issues in the case. The parties met in person and communicated by telephone and electronic mail to discuss their respective positions and to explore ways to reconcile any disagreements. The Petition for Settlement is the result of these discussions.

Pike respectfully requests that presiding Administrative Law Judges Louis Cocheres and Ember Jandebour recommend approval, without modification, of the Petition for Settlement to the Commission. The basis for recommending Commission approval of the settlement achieved by the Joint Petitioners is set forth in the Petition for Settlement and is also supported by the factors set forth below.

II. SUPPORTING FACTORS

The Settlement is the result of extensive negotiations and reflects compromises by all parties. Pike submits that the Settlement is in the public interest for the following reasons:

1. Pike is obligated to operate its electric distribution system in an efficient and economical manner, to maintain the system in good repair and working order and to make all necessary and proper additions, improvements, replacements and repairs. The Petition for Settlement is in the public interest because the agreed-upon rate and revenue levels provide for the necessary additional funds to meet Pike's obligations under the Public Utility Code to provide safe, adequate and reliable service.

2. The agreed-upon rate and revenue levels outlined in the Petition for Settlement will allow Pike to (a) produce an adequate return on the Company's invested capital that is dedicated to the service of the Company's customers, (b) provide sufficient operating revenues to meet operating expenses, taxes and other charges, (c) enable the Company to maintain its creditworthiness at a level sufficient to raise capital necessary to perform its obligations to

provide safe, adequate and proper service to its customers, and (d) provide a reasonable rate of return on the Company's investment in electric property.

3. If the Commission approves the Petition for Settlement without modification, Pike will be permitted to establish rates which are designed to produce an increase in annual base rate operating revenue of approximately \$855,000 to a revenue level of approximately \$13,069,800, representing an increase of only 7%. Thus, Pike submits that the additional revenues provided for under the Petition for Settlement are just and reasonable and in the public interest.

4. Currently, Pike provides electric distribution service directly to approximately 4,600 customers in Pike County, Pennsylvania. Under this Petition for Settlement, the monthly bill of a typical residential customer using 660 kilowatt hours (kWh) per month will increase from \$ 109.15 to \$ 121.30, or by approximately 11.1%, rather than the 14.5% originally requested by the Company. This is the first increase in rates that Pike has requested since 1993. The rates contained within the Petition for Settlement are just and reasonable and in the public interest.

5. Under the terms of the settlement, customers in the SC-2 Primary rate classification will experience no increase in distribution rates. This provision of the settlement was agreed-upon by the parties in order to bring the small commercial class closer in line with their cost of service in accordance with recent Commission and Court decisions. The rate design proposed by the Joint Petitioners is in the public interest and should be approved by the presiding officer and the Commission.

6. The rates proposed under this Petition for Settlement will go into effect no sooner than April 1, 2009. Pike customers will not experience a rate increase sooner than anticipated under a fully litigated process for setting Pike's electric distribution rates.

7. Unless certain specified contingencies occur, the terms of the Petition for Settlement provide that Pike will not seek another base rate increase prior to April 1, 2010. The agreed-upon "stay-out" contributes significantly to rate stability for Pike's customers and is therefore in the public interest.

8. The Joint Petitioner have agreed to Customer Charges that are lower than those proposed by the Company in its original filing. For Service Classification No. 1 (SC-1), the Customer Charge will be set at \$6.25; for SC-2 Secondary, the charge will be \$10.00 and for SC-2 Primary, the charge will be \$105. Also, the parties have agreed to eliminate the water heating provision for SC-1 customers. The Company submits that these fixed customer charges are just and reasonable and should be approved by the Commission.

9. The Company has agreed to make changes with regard to its Cost of Service Study in future rate filings. In the future, Pike will submit a COS that features matching the dates used in the study and the historic accounting test year. This addresses a concern raised by the parties in this proceeding that the time periods were different in this case and caused some difficulty in terms of reconciliation of numbers. Also, the Company will provide a COS that reflects the proposed rate level for illustrative purposes. These changes to future filings will make it easier for the parties and the Commission to review the proposed rate changes and the underlying justifications for the changes.

10. The Joint Petitioners agree that the Company will implement an energy efficiency program for low-income customers. The Direct Install Weatherization Program ("DIW") is

intended to help Low-Income Home Energy Assistance Program (“LIHEAP”) customers with an assessment of their homes and cost-free installation of energy-saving measures. The program will help low-income customers to lower their electric bill by increasing the energy efficiency of their homes.

11. In addition to the terms set forth above, the Joint Petitioners agreed to establish a \$27 reconnection charge in the Company’s tariff. Also, a late payment charge equal to 1.5% of the overdue balance will be imposed for customers who do not pay their bills on time. These charges are necessary to cover administrative costs associated with terminations, reconnections and overdue bills and are intended to insulate responsible ratepayers from additional costs.

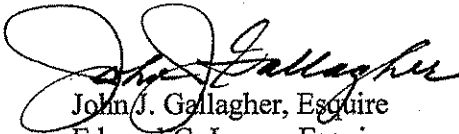
12. Other settlement terms include a provision to amortize over 10 years deferred expenses for Other Post Employee Benefits (OPEBs) and to reduce the Company’s rate case expense claim by 50% and amortize the expense over 5 years. These provisions are intended to result in lower rates for customers in the long run.

13. Finally, the Settlement obviates further administrative and possible appellate proceedings, thereby resulting in substantial savings to the Joint Petitioners and to Pike's customers.

III. CONCLUSION

For all of the foregoing reasons, and for the reasons set forth in the Petition for Settlement, Pike respectfully requests that Administrative Law Judges Lou Cocheres and Ember Jandebaur recommend and that the Commission approve the Joint Petition for Settlement in this proceeding.

Respectfully submitted,



John J. Gallagher, Esquire
Edward G. Lanza, Esquire
Saul Ewing, LLP
2 North Second Street, 7th Floor
Harrisburg, PA 17101

Counsel for Pike

Date: January 9, 2009

APPENDIX “E”

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :**

v.

**DOCKET NO.
R-2008-2046518**

**PIKE COUNTY LIGHT & POWER :
COMPANY – ELECTRIC DIVISION :**

**OFFICE OF TRIAL STAFF
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

**TO ADMINISTRATIVE LAW JUDGES LOUIS G. COCHERES & EMBER
S. JANDEBEUR:**

The Office of Trial Staff (“OTS”) of the Pennsylvania Public Utility Commission (“Commission”), by and through its Senior Prosecutor, submits that the terms of the foregoing Joint Petition for Settlement of Rate Investigation (“Joint Petition”) are in the public interest and represent a fair, just, reasonable and equitable balance of the interests of Pike County Light & Power Company - Electric Division (“Pike County Electric” or “Company”) and its customers. After settlement discussions, OTS, Pike County Electric, the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) (collectively “Joint Petitioners”) have agreed upon the terms embodied in the foregoing Joint Petition.

I. BACKGROUND

OTS submits that the foregoing Joint Petition is in the public interest for the following reasons:

1. On Pike County Electric filed Supplement No. 46 to Tariff Electric-PA P.U.C. No. 8 to become effective September 16, 2008, containing proposed changes in rates, rules and regulations designed to produce \$1,172,100 in additional annual revenues, an increase of 25% based upon the future test year level of operations for the twelve months ended March 31, 2009. The Company also requested an additional increase in revenue of \$56,400 for the fiscal year ending March 31, 2010 and an additional increase of \$23,200 for the fiscal year ending March 31, 2011. OTS filed a Notice of Appearance in this proceeding on August 19, 2008.

2. In the alternative, the Company has proposed a three-year rate plan that increases annual revenues by \$614,442 for the future test year ended March 31, 2009. Further, the Company requested \$614,442 in additional annual revenues by March 31, 2010 and \$614,442 in additional annual revenues by March 31, 2011. Pursuant to 66 Pa. C.S. § 1308(d) the filing was suspended by operation of law for seven months, unless permitted by Commission Order to become effective at an earlier date.

3. The filing was assigned to the Office of Administrative Law Judge for investigation and scheduling of hearings to consider the justness and reasonableness of the proposed Plan. An Initial Prehearing Conference was held

on September 29, 2008. On November 5, 2008, two Public Input Hearings were held in Matamoras, Pennsylvania.

4. Settlement discussions resulted in the foregoing Joint Petition.

II. SETTLEMENT TERMS

5. The specific details of the Settlement terms are provided in Paragraphs 15 through 18 of the Joint Petition. However, OTS initially observes that the Settlement provides for an increase in annual operating revenues of \$855,000 (or an increase of approximately 7%) instead of the \$1.2 million (or an increase of approximately 9.6%) as originally requested.

III. PUBLIC INTEREST

6. OTS submits that the foregoing Joint Petition is in the public interest for the following reasons:

- (a). In addition to the smaller rate increase provided for under the Settlement, OTS submits that the Settlement provides significant benefits to ratepayers because it requires Pike County Electric to eliminate the water heating provision for SC-1 customers. This provision and Pike County Electric's agreement to establish a plan for phasing out the declining block rate structure in its next base rate proceeding will support the Commission's interest in energy conservation.

- (b). Pike County Electric's agreement to accept a five-year normalization (as opposed to the amortization that the Company originally requested) of its rate

case expense and 50% of its original rate case expense claim represents a significant benefit for its ratepayers.


(c) OTS believes that the Joint Petition provides adequate cash flow for Pike County Electric, while ensuring that the customers are not confronted with a burdensome increase.

(d). The Joint Petition discontinues expensive and unnecessary rate litigation and administrative burden.

7. The foregoing Joint Petition addresses and adjusts all substantial issues that are the subject of dispute. It appears unlikely that full litigation of these matters would result in OTS obtaining a superior outcome.

8. OTS supports the foregoing Joint Petition because it is in the public interest. However, in the event this matter proceeds to full litigation, OTS is prepared to take litigation positions that may differ from the terms of the proposed Settlement.

Respectfully submitted,



Kenneth L. Mickens
PA Attorney ID #31255
Senior Prosecutor
Office of Trial Staff
Pennsylvania Public
Utility Commission

Dated: January 8, 2009
P.O. Box 3265
Harrisburg, PA 17105-3265

APPENDIX “F”

\$1.2 million for its electric division, or by an approximate 9.6% overall increase in total annualized revenues over present rates. For the residential class, the Company proposed an average overall 14.5% increase in residential distribution service rates. Under the rates proposed by the Company, a typical residential customer receiving service under Rate SC-1 and using 660 kwh per month would have seen their average monthly bill increase by \$15.90, from \$109.47 to \$125.37. Included in this increase was a proposed increase in the monthly customer charge for residential service of \$2.71 from \$5.29 to \$8.00.

Complaints in opposition to the increase were filed by the OCA and the Office of Small Business Advocate (OSBA). One consumer complaint was also filed by Gregory and Laurie Krisanda. The Commission's Office of Trial Staff filed a Notice of Appearance.

On September 11, 2008, the Commission entered an Order initiating an investigation of Pike's proposed rate increase and assigned the matter to the Office of Administrative Law Judge. Administrative Law Judges Louis G. Cocheres and Ember S. Jandebour were assigned to preside over the case. As part of its Order, the Commission permitted the effective date of Pike's proposed tariff to be suspended by operation of law until April 16, 2009.

A prehearing conference was held before ALJs Cocheres and Jandebour on September 29, 2008. At the prehearing conference, a procedural schedule for the case was adopted, as were modified discovery rules providing for shorter response times to discovery requests than are prescribed by the Commission's regulations. In addition, a public input hearing was scheduled.¹

¹ Pursuant to that schedule, two public input hearings were held on November 5, 2008, at 2 p.m. and 7 p.m. in Matamoras, Pike County.

Throughout the course of the proceeding, the OCA engaged in formal and informal discovery designed to thoroughly investigate all aspects of the Company's proposed rate increase. The OCA submitted the Direct Testimonies of David J. Effron, David Parcell, and Glenn A. Watkins on November 3, 2008 and the Rebuttal Testimony of Glenn A. Watkins on November 17, 2008. The OCA also submitted the Surrebuttal Testimony of David J. Effron and Glenn A. Watkins on November 25, 2008.

As a result of settlement negotiations, the parties reached a settlement agreement in principle in advance of the evidentiary hearings and requested that the procedural schedule be suspended. ALJs Cocheres and Jandebour granted the request to suspend the procedural schedule, and the parties have agreed to the stipulation of the admission of all parties' testimonies into the record of this proceeding.

As noted above, and discussed further below, the OCA submits that the proposed Settlement is in the public interest and should be approved. The OCA will discuss several of the key provisions of the Settlement that are of particular importance to the OCA, and which are set forth below.

II. DISTRIBUTION REVENUES

A. Revenue Requirement (Settlement at ¶¶ 15-18(a), 21)

The proposed Settlement provides for an overall distribution base rate increase of \$855,000 beginning no sooner than April 1, 2009. The revenue increase contained in the Settlement is approximately \$345,000 less than the \$1.2 million rate increase amount originally requested by Pike. This rate increase reflects an increase in overall revenues of approximately 7.0% as compared to the Company's original request of a 9.6% increase in overall revenues. The average monthly bill for a typical residential customer using 660 kwh per month will

increase by \$12.20 from \$109.47 to \$121.67, or by approximately 11.1%. The Company's original filing proposed an increase of approximately \$15.90 per month from \$109.47 to \$125.37 per month, or a 14.5% increase, for the average residential customer. The terms of the settlement provide that the increase will not go into effect before April 1, 2009. Also, the Company has agreed that it will not file for another base rate increase before April 1, 2010. This proposed stay-out provision should provide some measure of rate stability until the end of 2010, assuming the Company files as soon as the stay-out expires.

Based on the OCA's analysis of the Company's filing and the discovery responses received, the rate increase under the proposed Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. The increase is appropriate and, when accompanied by other important provisions contained in the Settlement, yields a result that is just and reasonable.

III. REVENUE ALLOCATION (Settlement at ¶ 17, 18(b), 18(c))

The Company initially proposed to increase residential rates by \$669,355. The OCA support the Company's proposal. Under the Settlement, residential customers will pay an increase of \$528,000 in base rates, thus sharing in the lowered revenue requirement agreed to by the parties.

In this proceeding, the Company provided a cost of service study, and OCA witness Glenn A. Watkins presented an alternative study that addressed issues with the Company's study. Based on the OCA's review of the two cost of service studies presented in this proceeding and the varying revenue allocation proposals presented by other parties, the OCA views the Settlement to be within the range of reasonable outcomes from the full litigation of this case. The agreed-upon allocation of the rate increase is included in the Proof of Revenues

attached as Appendix B to the Settlement. The OCA notes that the revenue allocation to residential customers under the Settlement represents a decrease of approximately \$141,355 from the Company's originally proposed revenue increase for residential customers. Under the settlement, the residential class will receive an increase from the current distribution revenues of \$528,000, an approximate 11.1% overall increase as opposed to the Company's originally proposed residential increase of 14.5%.

IV. RATE DESIGN (Settlement at ¶ 18(b))

In this proceeding, Pike proposed to increase the monthly Customer Charge by \$2.71 from its current rate of \$5.29 to \$8.00 for Service Classification No. 1 (SC-1), an increase of approximately 51.2%. The OCA addressed this proposed increase in its testimony.

Under the Settlement, the Company agreed to limit the increase in its residential Customer Charge to \$0.96, bringing the Customer Charge to \$6.25 for Rate SC-1 customers. The settlement would provide for an approximately 18% increase in the customer charge, as opposed to the Company's original proposal to increase the customer charge by over 50% from \$5.29 to \$8.00. The OCA supports the Settlement, which moderates the increase in the Customer Charge for residential customers. The OCA submits that the residential rate design established through the Settlement is reasonable.

The Settlement also provides that the Company will present a plan in the next base rate filing to phase out its declining block rate structure. The OCA agreed with the need to re-examine the declining block structure but expressed concern in its Direct Testimony that elimination of the declining block rate structure in this proceeding would result in intra-class rate shock for SC-1 residential customers. OCA St. 3 at 10. Given the increase in the distribution case agreed to in this case and the need to better align Pike's distribution rates and Provider of

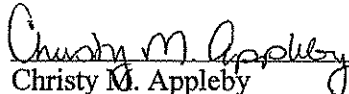
Last Resort rates in the future, the OCA supports presenting a plan for the phase-out of the declining block rate structure in the next base rate proceeding.

V. CONCLUSION

The terms and conditions of the Settlement provide for an overall distribution base rate increase of \$855,000 no sooner than April 1, 2009. The revenue allocation contained in the Settlement represents a compromise among the positions of several parties in this proceeding and will move all classes toward system average returns. The OCA submits that the reduction in the proposed revenue requirement increase, the revenue allocation, the reduction in the proposed residential customer charge, along with all of the other terms and conditions of the Settlement described above, represent a fair and reasonable settlement of this proceeding.

WHEREFORE, for the foregoing reasons, the Office of Consumer Advocate submits that the proposed Settlement is in the public interest and in the best interest of Pike's ratepayers.

Respectfully Submitted,


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Fax: (717) 783-7152
DATE: January 12, 2009
107521.doc

APPENDIX “G”

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	Docket No. R-2008-2046518
v.	:	
	:	
PIKE COUNTY LIGHT & POWER COMPANY	:	
(Electric Rate Case)	:	

**STATEMENT OF THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, on August 14, 2008, the Office of Small Business Advocate (“OSBA”) filed a complaint in the above-captioned proceeding against the July 18, 2008, filing by Pike County Light & Power Company (“PCL&P” or the “Company”) of Supplement No. 46 to Tariff Electric-Pa.P.U.C. No. 8. Through Supplement No. 46, PCL&P requested an annual increase in distribution revenues of approximately \$1.2 million.

Subsequently, the OSBA filed the direct, rebuttal and surrebuttal testimony of its witnesses, Robert D. Knecht and Mark D. Ewen. The OSBA also actively participated in the negotiations that led to the Joint Petition for Settlement of Rate Investigation (“Settlement”) and is a signatory to the Settlement.

The OSBA submits this statement in support of the Settlement.

Settlement

The Settlement sets forth a list of issues that were resolved through the negotiation process.

Multiple-Year Increases

In addition to a one-year rate increase proposal, PCL&P also offered two alternative three-year rate increase proposals. The OSBA opposed the multiple-year rate increase proposals on the grounds that they would be inconsistent with Section 1308(d.1) of the Public Utility Code. The OSBA also opposed the multiple-year proposals because they would be inconsistent with the Commission's practice of setting rates on the basis of a single future test year and would also constitute single-issue and retroactive ratemaking. *See* OSBA Statement No. 1, at 6-7. The Settlement provides PCL&P with a one-time rate increase rather than either of the multiple-year increases requested by the Company.

Cost of Service Studies

The OSBA identified several aspects of the Company's Cost of Service Study ("COSS") which, in the view of the OSBA, unjustifiably over-stated the costs assigned to small business customers. The OSBA recommended that the Commission direct PCL&P to address these matters in its next base rate case. *See* OSBA Statement No. 1, at 14-18. As part of the Settlement, PCL&P has agreed to file a COSS in its next base rate case which will address the criticisms of its COSS raised by the OSBA in this proceeding, *i.e.*, the Company will either incorporate in its COSS in its next base rate filing the changes recommended by the OSBA in

this proceeding or the Company will explain in its filing why it declined to incorporate those changes.

Revenue Allocation

In direct testimony, the OSBA witnesses concluded that the Company's proposed revenue allocation for its rate classes was directionally correct, in that it assigned above-average increases to those customer classes whose rates were under-recovering allocated costs, while assigning below-average increases to those classes whose rates were over-recovering allocated costs. However, the Company's proposal would have resulted in rates for some classes that remained unreasonably distant from allocated costs. This problem was particularly acute for the SC-2 Primary class, for which Pike's proposal would have resulted in a class rate of return roughly twice the system average. To remedy that problem, the OSBA proposed a first-dollar relief adjustment to the Company's revenue allocation proposal for the SC-2 Primary class, of up to \$89,088. *See* OSBA Statement No. 1, at 20-23. The Settlement addresses this concern by setting the rate increase for the SC-2 Primary class to zero.

Universal Service Costs

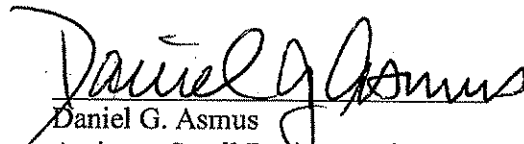
Under PCL&P's current tariff, both residential and non-residential customers pay for the costs of universal service programs through a System Benefits Charge ("SBC"). The OSBA pointed out that imposing these costs on non-residential customers is inconsistent with cost causation principles and with Commission policy. To remedy the problem, the OSBA recommended that PCL&P's tariff be modified to apply the SBC to only the SC-1 class. *See* OSBA Statement No. 1, at 23-27. The Settlement addresses this issue by limiting the SBC to the SC-1 rate class.

The resolution of the foregoing issues was of special importance to the OSBA when it concluded that the Settlement was in the best interests of PCL&P's small business customers.

Conclusion

For the reasons set forth in the Settlement, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed Settlement and respectfully requests that the ALJ and the Commission approve the Settlement document in its entirety without modification.

Respectfully submitted,


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Date: January 9, 2009

Pike County Light & Power Company
Docket No. R-2008-2046518 (Electric Rate Case)
ALJ Questions Regarding Settlement Petition and Company Responses

1. There is an inconsistency regarding STAS between the Joint Petition and Appendices A and B. Starting with the Joint Petition, at p. 5, ¶15, the Petition states that the \$855,000 total proposed settlement revenue includes a \$2,300 increase in the STAS. The chart on p. 5, ¶17 for overall class revenues makes no mention of STAS, but totals \$855,000, which apparently includes the \$2,300 STAS increase spread among the classes. However, in App. B, Sch. 1, the Allocation of Delivery Revenue Requirement on p. 1, and the Proof of Revenues Summary on p. 9, both show that the proposed rate year settlement rates are designed to generate \$852,708, which is exclusive of the STAS. The problem is that the rates in the proposed tariff (App. A) match those used in App. B, Sch. 1, p. 9, which generate only \$852,708 (col. 4), and therefore do not appear to generate sufficient revenues to include the STAS (*i.e.* total \$855,00).

Company Response:

The chart on p. 5, ¶17 does show impacts on overall revenues and does include the impacts of the STAS change. The base rate changes are designed to produce an increase of \$852,708. The remainder of the increase will be realized by the Company through the elimination of the STAS credit, resulting in a total increase of \$855,000. Appendix B, Schedule 1 is correct in that it shows the impact of the changes in base rates which do produce the \$852,708 increase in revenues. The rates in Appendix A do produce the full \$855,000 revenue increase. The rates shown in Service Classification Nos. 1 through 4 produce \$852,708, and the resetting of the STAS to zero on Page 15 of Appendix A (Leaf No. 84) produces an additional \$2,300.

2. Why is there no reference to STAS in current or proposed rates for SC-3 and SC-4 in App. B, Sch. 3, pp. 3-4 of the Joint Petition? Are these public and private lighting rates exempt? In the Company's currently effective tariff, all rate schedules (SC-1 through SC-4) include references to STAS as being applicable to service taken under those rate schedules. Similarly, in App. B, Sch. 3 of the Joint Petition, the STAS is included as a rate element for rate schedules SC-1 and SC-2 under both current and proposed rates (pp. 1-3). However, for rate schedules SC-3 and SC-4, the STAS is not listed as an applicable rate element (pp. 4-5).

Company Response:

This was an oversight on the part of the Company. Customers in Service Classification Nos. 3 and 4 are not exempt from the STAS. The STAS should have been listed as an applicable rate element on pages 4 and 5 of Appendix B, Schedule 3. This change has been made in the revised Appendix B Pages 4 and 5. References to the SBC and default services rates have been added to these pages as well.

3. There is an inconsistency regarding the SBC between the Joint Petition and Appendices A and B. Starting with the Joint Petition, p. 7, ¶18b (top 3 lines), the last sentence of this paragraph states that the SBC shall apply only to the SC-1 class. Accordingly, App. B, Sch.

3, p. 1 correctly includes the SBC as a rate element in proposed rates for SC-1. Also, in App. A, the proposed tariff correctly defines the SBC and explains that it only applies to SC-1 customers. App. A, p. 14 (revised Tariff p. 74). In the currently effective tariff, the SBC is correctly listed as a rate element for the SC-1 customers on revised Tariff p. 85. However, on revised Tariff p. 85 of the proposed tariff (App. A, p. 16), there is no SBC listing for the SC-1 customers. Why was the entry omitted?

Company Response:

This was an oversight on the part of the Company. The SBC should not have been omitted from proposed Leaf No. 85. This has been changed in the revised Appendix A, Page 16.

4. The SBC is also correctly listed on the current Tariff pages for all customers (SC-1 through SC-4). It is correctly omitted on revised Tariff p. 88 of the proposed tariff (App. A, p. 19) for SC-2 (Secondary and Primary) customers, in accordance with the terms of the Joint Petition as set forth in the last sentence of p. 7, ¶18b which specify that the SBC should only apply to the SC-1 customers. However, App. B, Sch. 3, pp. 2-3 improperly list the SBC for the proposed SC-2 (secondary and primary) customers in contradiction to the terms of the Joint Petition. These same App. B, Sch. 3 entries also contradict similar language in the App. A, SBC definition. App. A, p. 14 (revised Tariff p. 74).

Company Response:

The revenue impacts discussed in the Joint Petition address changes in revenue necessary to satisfy the revenue requirement agreed to by the parties in this proceeding. Impacts associated with changes in the SBC, which are a flow through and do not affect the Company's revenue requirement, are not shown. This is indicated in footnote 2 on page 5 of the Joint Petition. Therefore, the SBC change was not shown on Pages 2 and 3 of Appendix B, Schedule 3. For clarification, Pages 2 and 3 of Appendix B, Schedule 3 have been revised to indicate that the SBC is not applicable under the proposed rates. The SBC references that have been added to Appendix B, Pages 4 and 5, also include this clarification.

5. Shouldn't the proposed Tariff, App. A, Revised p. 85, show a (C) in the margin to highlight the removal of the water heating rate and include a brief explanation that the rate was consolidated into the first rate block?

Company Response:

The removal of the water heating rate actually affected Leaves 86 and 87 where it was removed as Special Provision A. This caused the current Special Provisions B and C to be relabeled as Special Provisions A and B, respectively. Each of these changes was indicated with a (C) on Leaf 87. In addition, Leaf 2 lists the elimination of the water heating provision as a change made by the tariff supplement. A (C) has been added to Leaf No. 85 in the revised Appendix A, Page 16.